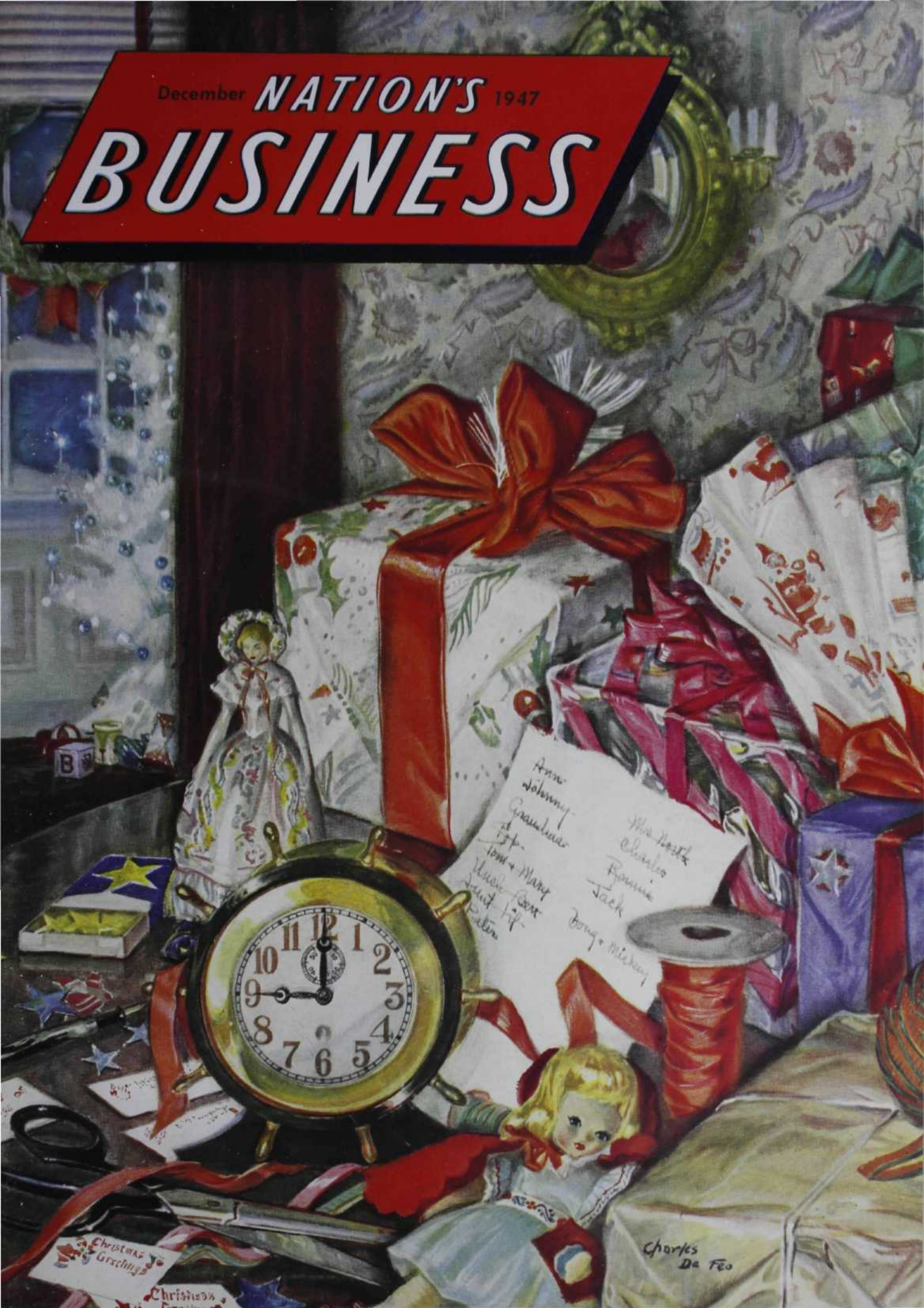


December *NATION'S* 1947

BUSINESS



problem...



solution

result...

Neither the public nor the paint industry wants a newly painted floor to stay sticky long. Stickiness is caused by slow-drying of certain combinations of resins and oils that make up a varnish. By intensive chemical research, Hercules created the Pentalyn resins with built-in drying properties which give the paint industry a wider choice of oils in producing a variety of quick-drying varnishes.

* **TO PRODUCE TOUGH, QUICK-DRYING VARNISHES** . . . another development utilizing Hercules chemical materials. The free book, "A Trip Through Hercules Land", describes other uses of Hercules chemicals.



HERCULES

HERCULES POWDER COMPANY

947 Market Street, Wilmington 99, Delaware

CHEMICAL MATERIALS FOR INDUSTRY

A development of
B.F. Goodrich
FIRST IN RUBBER



Ghost of the old gray mare

A typical example of B.F. Goodrich improvement in tires

HUNDREDS of feet below the earth's surface horses and mules used to haul freshly dug coal to the mine shaft lifts. It was a slow, costly process. Then they built tracks. Hauled the coal on electrified shuttle cars. Costs were still too high.

Mine experts were determined to mechanize further. They wanted equipment, not only shuttle cars, but drill rigs, cutters, and loaders that wouldn't be tied to tracks. They wanted equipment that would be safe, fast moving, economical. So they turned to rubber tires.

For this special purpose B.F. Goodrich built a special truck tire. It's small in diameter so equipment can work under low ceilings. It has high load carrying capacity. The tread is designed to resist cutting and chipping. Upkeep is low.

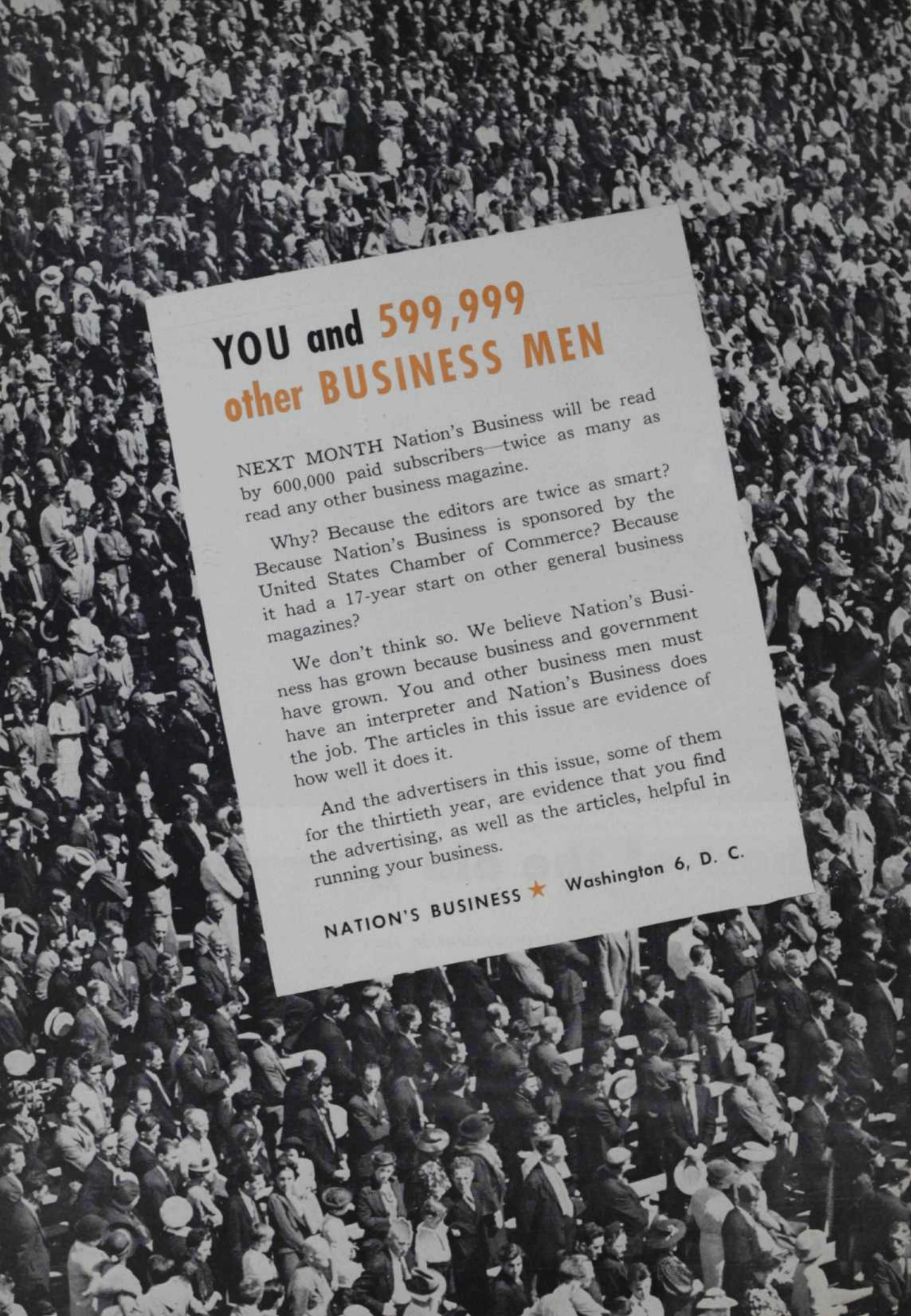
With practically all equipment mounted on rubber tires, a trial operation of trackless mining in the operation pictured showed that tonnage was boosted 42% and the output per man increased 80%.

The development of this special

mine truck tire, called the Universal, is typical of the constant improvements B.F. Goodrich makes in tires. Improvements based on continuing research and developmental work.

Before you buy truck tires ask the local B.F. Goodrich dealer about the latest improvements in tires for your type of service. *The B.F. Goodrich Company, Akron, Ohio.*

Truck Tires **BY**
B.F. Goodrich



YOU and 599,999 other BUSINESS MEN

NEXT MONTH Nation's Business will be read by 600,000 paid subscribers—twice as many as read any other business magazine.

Why? Because the editors are twice as smart? Because Nation's Business is sponsored by the United States Chamber of Commerce? Because it had a 17-year start on other general business magazines?

We don't think so. We believe Nation's Business has grown because business and government have grown. You and other business men must have an interpreter and Nation's Business does the job. The articles in this issue are evidence of how well it does it.

And the advertisers in this issue, some of them for the thirtieth year, are evidence that you find the advertising, as well as the articles, helpful in running your business.

NATION'S BUSINESS ★ Washington 6, D. C.



if gasoline came on spools...

all the information you'd like to have about ingredients could be printed and pasted right on the spool. However, gasoline can't be labeled that way. So oil companies everywhere put "Ethyl" trade-marks on their pumps, to show you at a glance that their best gasoline contains "Ethyl" antiknock fluid. This important ingredient, which is made by the Ethyl Corporation, is mixed with gasoline to step up power and performance. Motorists who want to get the best out of their cars—new or old—look for the familiar yellow-and-black "Ethyl" emblem on the pump. *Ethyl Corporation, New York.*

look for the "ETHYL" trade-mark



Helping America's Progressive Petroleum Industry Make Better Gasoline



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Nation's Business

PUBLISHED BY

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VOL. 35

DECEMBER, 1947

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Nice Place to Raise a Family...



NEW HAMPSHIRE

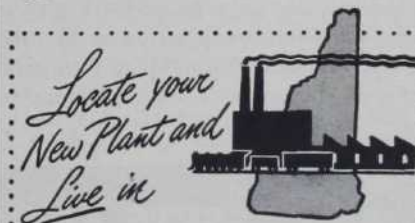
*"Where there's a Plus
in every pay envelope"*

More important than wage alone, is the kind of living it buys. In New Hampshire, workers enjoy every day an environment available to many others only during precious days of vacation. This is in a large measure responsible for New Hampshire's excellence as an industrial location. Those who live well, work well!

Along with an environment which favors happy, healthful living, you'll find that low power rates, proximity to mass markets of national importance and a highway system of year-round excellence all join to further emphasize the ideal nature of New Hampshire as a home for small and medium sized industry.



VALUABLE to you will be the informative booklet, "A Plant in New Hampshire." Just address: Merrill J. Teulon, Industrial Director, 978 State Office Building, Concord, N. H.



NEW HAMPSHIRE

Where there's a Plus in every pay envelope

State Planning and Development Comm.
CONCORD, NEW HAMPSHIRE

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Check us first...

FOR LAND
FOR PLANTS
FOR EQUIPMENT



WAA constantly offers good, ready-built properties you can use

Corporation executives... owners and operators of small businesses: Here's the way to get your new or branch plant into production months quicker! Buying or leasing Government-owned facilities is a lot simpler than battling new-construction bottlenecks and shortages.

Hundreds of good, usable, strategically-located properties are available for you to bid on now. Big, complete plants or small-space units; from coast to coast and border to border. One or more of these may exactly suit your requirements or be easily and economically adaptable to your needs.

Check and consider the advantageous

features of the plants and facilities listed in the new Plantfinder. Keep your eye on advertisements appearing frequently in newspapers and magazines—offering specific properties in detail. Write, phone or call at your nearest Regional Office for engineering reports or further details—or to arrange for your personal inspection—of any property that you could use.

Yes, the Real Property available through War Assets is a "bet" that you shouldn't overlook. Check us first—find out whether what you want is already built and up for sale or lease at timesaving, moneysaving advantages to you.



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About Our AUTHORS

AS A student of political philosophy, **JOSEPH M. LALLEY** feels we are morally stranded between a world that died with the end of World War I and a world that is not yet born.

It is in the light of this belief that he examines the charge that American morality has been in a tailspin for some time.

Lalley entered the field of journalism in 1916 as a reporter for the old Philadelphia Press. A few years later he tried his hand in advertising. However, since 1937 he has been an editorial writer and literary critic for a Washington newspaper. Lalley is the author of "The Nature of Authority," and the co-author of "Our Jungle Diplomacy." He also serves as a book reviewer for *The New Yorker*.

IT WAS only natural that we pick **JOHN W. BALL** to do our Iowa farm story for he was born in "the garden spot of the world," Tama County, Iowa. As he puts it, "I was the ninth and the last in the Ball family—came behind the eighth Ball and have been behind it ever since." The facts indicate otherwise, however. During World War I he served in the Rainbow Division and, despite a public reprimand from General MacArthur, his brigade commander, for writing too much in letters home, won a commission. With one exception—several years in show business as advance agent for Douglas Fairbanks—Ball has been in newspaper work all his life.



ELLIS

NOT long ago **EUGENE LYONS** suggested that it would be interesting to make a box score on how well Russia has kept her promises to the world. We thought so, too, and agreed that his knowledge of Russia and world affairs made him an ideal candidate for scorekeeper. He was editor of the Soviet Russia Pictorial for one year, assistant director of the Tass Agency for five, and the United Press' correspondent in Russia for six.

Lyons was for many years the editor of *American Mercury* and has lectured and written exten-

sively. Among his published works are "Assignment in Utopia," "The Red Decade," "Stalin, Czar of All the Russians."

DISCUSSING some of the experiences of the United States in helping China during and since the war, **HERBERT**

BRATTER said he'd been interested in that country for more than a quarter-century. His interest was awakened by a course on China which he took at Columbia University. So, after graduation he spent more than a year there, working for the Chinese Government Bureau of Economic Information and doing his first magazine writing. The picture shows the business card he used at that time. Bratter later used this China experience when he took over the Far Eastern desk in the Commerce Department's Finance and Investment Division. In recent years he's devoted considerable time to writing for national publications.

SINCE his discharge from the Service shortly after V-J Day, **NORMAN KUHNE** has been handling veterans, reserve and national guard affairs for the weekly military newsmagazine, *Armed Forces*.

His present job followed closely on the heels of his wartime assignment—first as managing editor, then as overseas editor—of the Marine Corps' publication, *Leath-erneck*. Before joining the Corps, Kuhne was a Washington correspondent for several newspapers and business magazines. The University of Michigan is his Alma Mater.

A NEW writer to our readers this month is **ROBERT M. HENRY**. Mr. Henry makes his home in Oklahoma City, an area where unusual occupations are taken more or less as a matter of course, much as they were in the days of the old west.

During his travels he came on Dr. Bienfang, a professor whose avocation is creating odors—some good, some not so good.

勃

勒

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福州路九十五號處

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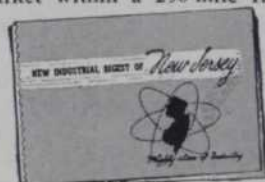


*will depend
on your
FORESIGHT
in 1947*



Industries locating in New Jersey will have definite advantages in the competitive years ahead. Highly productive and dependable labor supply. Favorable taxes. Business-minded legislation. Utmost cooperation at municipal, county and state level. Plus the vital factor of lower distribution costs because New Jersey is the hub of the Eastern Seaboard and the bridgehead to America's richest markets.

New Jersey leads the nation in coordinated transportation. It shares the Ports of New York and Philadelphia. Overnight motor trucking can reach states with 31% of the population and 36% of the nation's income—a 33 billion dollar² retail market within a 250-mile radius.



*1946

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of NEW JERSEY"

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Dept. of Economic Development
N12 State House, Trenton 7, N. J.

**NEW
JERSEY**



Mighty atom of industry

NB Notebook

Giving

AFTER World War I we were called Uncle Shylock for wanting to collect a small part of the debts due us for saving Europe from the Supermen. Now we are called warmongers by an ally we helped mightily in another war that again was not of our choosing.

Shylocking and warmongering are about as far from American ideals and practice as any two things that could be mentioned. Fortunately, as a people we do not bother much about the names we are called.

"Uncouth" Americans have not bowed to effete custom abroad—they have just kept busy building a bigger and better country with a classless society.

In that building one of our great talents has been in giving—helping out the less fortunate in education, health and opportunity. The season of giving is at hand and, in spite of recriminations and some sincere doubts, there will be an extra Christmas tree in most homes for the needy of Europe this year—the food we will save and the other aid we will finance. Merry Christmas!

Business statesmen

IN a significant address before the Boston Conference on Distribution, James B. Conant, president of Harvard University, told of plans aimed at training future "business statesmen." A cooperative venture is projected for the Harvard Business School, the Graduate School of Education and the Department of Social Relations of Harvard College.

The methods of certain of the social sciences have reached a point, Dr. Conant explained, where the scholars in these fields can help train the future statesmen of business and public education. In particular, he added, certain types

of work in sociology, anthropology and social psychology seem full of promise.

The "square peg in the round hole" is causing great unhappiness and frustration—and labor unrest. Social science is providing answers. In another direction tax impacts are profound in their influences upon incentive and initiative, those well springs of American democracy. As an overall question, how does man function as a social animal?

The gist of these Harvard undertakings is recognition of the fact that business is no longer private business but social business and public business.

Study must be given to men as well as to machines, and technicians are required for the purpose.

Retail sounding board

RETAIL merchants feel they did a pretty good job for themselves this fall at price hearings through the country.

Congressional committees went looking for evidence of profiteering. All that happened was that the store owners profited by having an excellent opportunity to get their story across to the public in a way that served to squelch any prevalent notions that what costs 50 cents is sold for \$1.

With plenty of advance notice and urgent counsel from chamber and association advisers, retailers prepared their cases carefully and thoroughly.

In the main they discarded technical jargon and presented their arguments in layman's language.

One breakdown of costs by a department store chain went this way for the first six months of this year, with 1946 given in parentheses: Raw materials 76½c (65c); operating expenses 33c (26c); total cost of goods and operating expenses \$1.09½ (91c); Federal

101 ways to cut costs in your business



They're yours on a plate!

THE young lady is holding an Addressograph plate—symbol of the world's fastest method for putting words and figures on business forms.

Once information is put on these plates, it can be written again and again with complete accuracy at a speed of 5000 words or 30,000 figures a minute.

Every department of your business can save time and money by using this labor-aiding, mechanized, precision method of writing anything that must be written more than once.

For example, with Addressograph simplified

business methods one company cut the cost of inventory writing from \$1183 to \$29; another reduced personnel record writing from 23 operations to 1; another cut billing time on accounts receivable from 9 days to 1½.

Whether your business is large or small you can save wherever paper work is handled. For a check list of "101 ways to cut costs in your business" and a copy of the booklet "The Principal Clerical Task of Business", write Addressograph-Multigraph Corporation, Cleveland 17, Ohio, or phone our nearest office.

Addressograph
TRADE MARK
SIMPLIFIED BUSINESS METHODS

Addressograph and Multigraph are Registered Trade Marks of Addressograph-Multigraph Corp.



the bucket brigade

In great-grandfather's time, when public water supply systems were few and far between, a house on fire was a real threat to the community.

Today, in 13,000 communities, public water supply systems provide sufficient water to control fires in addition to supplying home and industrial needs. A thousand gallons a minute from modern firefighting equipment may be unfair to bucket brigades but is mighty comforting to property owners.


Because it is dependable and long-lived, cast iron pipe is the standard material for underground mains supplying water for fire protection as well as domestic needs.

Remember that your public water supply system not only protects your property but guards your health by providing safe, palatable water—and for less than a dime a ton. Cast Iron Pipe Research Association, T. F. Wolfe, Engineer, 122 So. Michigan Ave., Chicago 3, Ill.

This cast iron water main has served the City of St. Louis for 111 years.



CAST IRON PIPE

SERVES  FOR CENTURIES

LOOK FOR THIS MARK

IT IDENTIFIES CAST IRON PIPE

income taxes 2c (4c); and profit, after adding back "other income" of 1½c in 1947 (½c), 3c (5½c).

McGuffey is back

PEOPLE who write our advertising may soon cause a run on McGuffey's "First Reader." Though even McGuffey may not prove simple enough. Dr. Rudolf Flesch, author of "The Art of Plain Talk" published by Harper's, might give McGuffey one of his readability ratings.

What advertisers and editors have found out through polling you and other readers is that they are serving up too many hard words and sentences that are too long for mass readership. A farm magazine tested readability by rewriting four articles. Half the press run carried the articles with a 3.5 Flesch rating and half with 1.5. A reader interest survey showed a gain of 45 per cent in readers for the 1.5 treatment.

For the 1.5 rating sentences averaged nine words, the number of affixes 13 and personal references three per 100 words.

To the charge of putting writing on a machine basis, Flesch supporters argue it is harder to compose simple English than to splash around in a sea of ten dollar words and sentences.

And if the object of language is to convey meaning, why not keep it functional?

Rainy day dollars

THE "best advertised recession" in the business history of the country (which has yet to appear at this writing) has prompted many companies to set up contingency reserves. What might be called "dollars for the rainy day."

The manner in which these reserves are set up has provoked considerable discussion among accountants who maintain that the use of reserves to equalize income is a questionable practice since it attacks the value of the income statement.

A while back the Committee on Accounting Procedure of the American Institute of Accountants ruled that "such reserves should not enter into the determination of income." Four members of the 21 man committee filed dissents to the report.

That the sums involved are not small was indicated by Ernest A. Carlson, assistant controller of Johnson & Johnson, New Brunswick, N. J., who selected 61 companies' reports at random and



How the New Martin Transports

CAN MAKE MORE MONEY FOR YOUR BUSINESS

Now entering service on leading airlines the world over, the swift new Martin transports can mean lowered costs and increased sales for businessmen. Check the profit points listed below . . . then have an airline engineer go over your business operation and see where you can save money through shipping and traveling by ultramodern Martin 2-0-2 or 3-0-3. THE GLENN L. MARTIN COMPANY, BALTIMORE 3, MARYLAND.



BIGGER MARKETS: By high-speed Martin airliner your salesmen can cover more territory, make more calls and still enjoy weekends at home. Samples, models can go with salesmen via air cargo.



LOWER INVENTORIES: With the factory only hours away, inventories can be lowered . . . replacement parts and service personnel reach customers quickly . . . repairs are made promptly.



FRESHER FOODS: Fruit, vegetables, sea food and flowers, all may be shipped with lower refrigeration costs, less spoilage, in or out of season. Air-fresh commodities bring top prices . . . may often be shipped at less cost than by other forms of transportation.



MERCHANDISING AID: There's a powerful merchandising and advertising story in goods shipped by air. Clothes rushed from style centers . . . newspapers and magazines . . . perishables . . . all these take on added value when it's known that they were flown in by Martin transports.



MORE PERSONAL CONTACTS: Contacts between top executives are multiplied, markets expanded, when you travel by Martin. Meetings may be called quickly . . . needed recreation is nearer than ever before.



LOWER COSTS: Non-productive travel time of valuable personnel is reduced and they arrive at their destination refreshed, immaculate. Smaller sales or maintenance staffs are required. When carrying cargo, crating is eliminated . . . no problems from dirt or soot.

The Airlines
gain you TIME . . .
TIME . . . TIME
and TIME means
money to
business

Martin

AIRCRAFT

Builders of "Dependable"  Aircraft Since 1909

AN INTERNATIONAL INSTITUTION

• **MANUFACTURERS OF:** Advanced military aircraft • Aerial gun turrets • Guided missiles • Outstanding commercial planes for both passenger and cargo service • Marvinal resins (Martin Plastics and Chemicals Division) **DEVELOPERS OF:** Rotary wing aircraft (Martin Rotawings Division) • Mareng fuel tanks (licensed to U. S. Rubber Co.) • Honeycomb construction material (licensed to U. S. Plywood Corp.) • Stratovision aerial broadcasting (in conjunction with Westinghouse Electric Corp.) • Aircraft ground-handling equipment (licensed to Aircraft Mechanics, Inc.) **LEADERS IN RESEARCH** to guard the peace and build better living in many far-reaching fields



LONG DISTANCE CALLS ARE MOVING FASTER

We're adding new circuits every day and service is improving.

Nine out of ten out-of-town calls go through while you hold the line. We can handle more calls, by more people, more of the time.

That's real progress but we're not boasting yet. Too many folks are still waiting for telephones. Some calls are still delayed.

We can tell you, however, that we're on our way to that happy day when everyone will get all the telephone service he wants . . . with speed, accuracy and of course with courtesy.

BELL TELEPHONE SYSTEM



found that 18 had provided reserves out of income or surplus for a total of \$78,000,000 in 1946. Of this amount, \$45,000,000 was set up last year against future inventory price declines.

Public interest in this otherwise technical matter lies in knowing what profits actually were and not what they might appear to be minus reserves for the rainy spell. Too much reserve derived from too much profit might mean prices so high, it is suggested, that rain is inevitable.

Jet engine

IF MEMORY serves it was a Newburgh, N. Y., inventor whose jet plane was given a successful test in Italy before the war. The Army had turned him down, we also understand, and the English claim credit for putting a fighter into the air soon after Germany came within an ace of regaining air mastery.

It rather warms the heart, therefore, to read in a Westinghouse bulletin to stockholders that its turbo jet engine measures only 24 inches in diameter and powers the nation's most powerful fighter plane.

"This axial flow design was pioneered in this country by Westinghouse," the bulletin boasts, "while the American-built jet engines which were based on the imported British design used a much larger centrifugal air compressor, greatly increasing engine diameter—and air resistance—for each pound of propulsive thrust delivered."

So we seem to be moving ahead, where the speed is 600 miles an hour.

Save as you help

LOOSENING up at least one of our Gordian knots, Beardsley Ruml of "Pay-as-you-go" fame has another proposal. It might be called "Save as you help."

He told the nation's bankers at their annual convention that the tax burden is too heavy and yet European relief must be given. Mr. Ruml, board chairman of R. H. Macy & Co. and formerly chairman of the Federal Reserve Bank of New York, suggested sales of savings bonds to meet the reconstruction needs of industry in western Europe. The total would be about \$5,000,000,000 under the Marshall Plan.

Our Gordian knot is how to extend relief and at the same time get taxes down.

Dr. Ruml offers his prescription which has the extra advantage of



Professional Worriers!

Every business, time and again, runs into production snags. When the problem is *lubrication*, we're often called in to do the worrying. And eight times out of ten we come up with the right answer—*fast*. Because that's our job day in, day out, year after year—putting petroleum to work *efficiently*. This backlog of experience, coupled with the world's finest lubricants and fuels, is your best reason for calling Cities Service next time trouble calls on you.

CITIES SERVICE STOPPED TROUBLE HERE!



A screw products company in Cuyahoga Falls, Ohio, called on Cities Service for advice on machining a part of an intricate mechanism made of aluminum that required extreme accuracy and finish. Chillo Oil No. 22 was recommended. Thereafter, the manufacturer reported, the machined work was not only well within the required tolerances, but the work had a mirror-like finish. Tool life was also phenomenally good.

Hammer Mill Crushers. Cities Service

engineers recommended Pacemaker Oil No. 2. The last report from the company said that since they standardized on this lubricant, no bearing failures have occurred.

A bus company executive in Cleveland, Ohio, recently said, "During the past four years, we used Cities Service Heavy Duty type oil with outstanding results—minimum wear, freedom from sludge and no engine failures—which has enabled us to give uninterrupted service to our customers."



CITIES SERVICE OIL CO.

New York—Chicago

ARKANSAS FUEL OIL CO.

Shreveport, La.

Cities Service Oil Company
Room 290, Sixty Wall Tower
New York 5, N. Y.

Gentlemen: I have a production problem that involves lubrication. I would like to discuss it with one of your lubrication engineers, without obligation, of course.

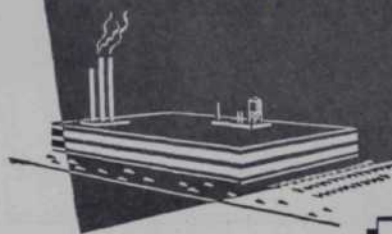
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COMPANY _____

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CITY _____ STATE _____

Does your Business NEED MONEY?



- as additional working capital
- because taxes, production delays have caused a shortage of operating cash
- because of unbalanced inventory
- to expand; to buy up another company
- or for any other sound business reason



Send for "A Better Way to Finance Your Business"

— a book that explains a sound, businesslike way to get the money you need . . . under our Commercial Financing Plan. This book

shows why manufacturers and wholesalers have used our plan to a total of more than ONE BILLION DOLLARS in the past five years . . . and why THREE TIMES as many firms have adopted it this year as did during the same period in 1945.



Learn How Little Money Costs . . .

how much more you can get . . . and how long you can use it, under our liberal, low-cost Commercial Financing Plan. Send today for "A Better Way to Finance Your Business." Just write or telephone the nearest Commercial Credit Corporation office listed below.



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siphoning off some of the purchasing power that has driven up demand and prices.

Seed corn

AFTER the long drought of the 1930's in capital goods replacement (new machines, new plants and new processes) and the restrictions of wartime, industry should have less trouble than it has in explaining why such investments are now required. When exceptional volume yields higher profits and half of these profits are ploughed back into needed facilities, then the public ought to realize that the objective is more and better goods and lower prices in the long run.

What the critics see, however, is only the over-all profit, only half of which goes out in dividend checks. If the over-all figure looks excessive, and it does in some lines, volume may explain the increase and not the unit percentage. If the unit percentage (the profit per item) has unduly expanded, there may be other explanations than just plain greed. Inventory appreciation is one. Reinvestment is another, and a much sounder one.

What industry must guard against, it is suggested, is overplaying its reinvestment policy. In the late 1920's it will be recalled that business got the cart before the horse. Consumer demand comes first and the product next. To reverse the order is risky.

Hot air

HERE'S something you probably did not know—and by the same token neither did we. More air by weight is used in making pig iron than the combined weight of all other raw materials!

More than 200,000,000 tons of air were required to produce about 45,000,000 tons of pig iron and ferroalloys in 1946. To make a ton of iron, the recipe runs 4.5 tons of air, 1.725 tons of iron ore, 0.934 tons of coke and 0.41 tons of limestone, plus small amounts of scrap, mill cinder, scale, etc.

Thus, 60 per cent of the weight of materials is air, which is first heated and then blown under pressure through the blast furnace to speed the burning of the coke and the melt of iron ore.

And, just to make clear that hot air is not guff in the steel industry, upping the pressure means more iron, as much as 20 per cent more, according to recent experiments. Latest type blowers will push 125,000 cubic feet a minute into the

furnace against 65,000 for those in current use.

In the light of how steel shortages are affecting supplies of thousands of articles, consumers will cheer on the "blow hards."

Explaining

WHAT some economists say and write is not only mysterious to laymen but frequently to their fellow professionals. At sessions of the Economic History Association at Yale a historian rose to ask that a highly involved theory just presented needed explaining.

A learned economist undertook the task. "Now that we have explained the economists to the historians," he concluded, "who is going to explain the historians to us?"

In business the same question is posed. Corporation officers, for example, are finding out that published financial statements require far more simplification if the lay reader is to understand them. Some opinion surveys have discovered that a number of citizens believe the usual form of corporation report is fashioned for secretive, rather than informational, purposes.

\$100,000 plus

OF 75 executives who were paid \$100,000 a year or more in 1945, 30 department store officials were listed by the Treasury Department. Trade is getting up there with the movie stars, and probably for about the same reason—ability to supply what the public wants.

Competition is a keen article in the department store field and it applies to men as well as to merchandise. If cheaper men could do the job, the Treasury figures would not reveal 30 in the \$100,000 and more bracket.



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► HERE'S A THOUGHT to keep in mind when you're considering impact of European aid on U.S. economy:

A billion dollars a year equals—

Less than a cent an hour on the nation's total payroll.

Less than 3½ cents an hour on the payroll of union members.

► MARSHALL PLAN PROBABLY will cost less in 1948 than Lewis-Green-Murray plan.

And it's likely you'll get both.

Unless there's a definite break in commodity prices, you should expect a general wage rise in spring.

Union heads will base demands on two points:

Record breaking profits in 1947.

High cost of living.

That will be the talk. Actual fact:

Labor is in extremely short supply. In effect industry is bidding up the price in the labor market.

Best example is found in building trades.

In most areas craftsmen's scales never have been so high. Yet few building craftsmen (in metropolitan areas) work at union rate.

Contractors pay far above scales to hold labor. Or to hire it away from competitors.

In this case—and there are many similar cases—supply and demand, not organization, are directly responsible for high wages.

Best informed guess at present is that raises in new contracts to be negotiated in first few months of 1948 will be in neighborhood of 10 to 12 per cent.

Don't overlook fact that nearly all two-year contracts signed earlier this year provide for re-opening on wages.

Industries with contract renewal or re-opening in next six months include:

Autos, electrical equipment, steel, glass, rubber, petroleum refining, chemicals, farm equipment, aluminum, clothing, telephone and textiles.

► HOW WILL EUROPEAN AID program affect you?

If you are a producer, manufacturer, distributor, plan will emphasize present headaches—continue high cost of doing business, extend shortages.

But also it will strengthen your markets.

Take the farmer, for example. He'll get effect both coming and going.

Farm help is at its highest price in history, and very scarce.

Deficit in labor saving machinery accumulated during the '30's, when the farmer couldn't afford it, and the '40's when he couldn't find it.

MANAGEMENT'S Washington LETTER

Aid plan calls upon farmer to expand production, but cuts his chance of tooling up for it—by sending farm equipment overseas.

In addition, Agriculture Department predicts rising prices for seed, gasoline, wages, equipment.

But also it predicts rising prices for the farmers' products.

That's largely because European need intensifies domestic shortages.

► AID PLAN IS FAR from completed.

Basis will be three F's—food, fuel and fertilizer.

Next stage: Mining machinery, electrical generating equipment, factory machinery, farm and transport equipment.

Study developments in your daily newspaper as plan unfolds.

Thus you may be able to anticipate shortages that will cut into your business, perhaps switch to substitutes, other lines.

Don't forget: Goods now at the top of European needs will fall to bottom when Stage 2 becomes effective.

In other words—mining, farm and factory equipment will enable Europe to produce her own food, fuel, fertilizer.

► ONE GOVERNMENT OFFICIAL'S view of Paris conference "requirements" under Marshall program:

"If we were to send them all the farm tractors they've asked for they'd be bumping into each other all over the fields."

He's wrong.

He overlooked one thing. Europe wouldn't have the gasoline to run them.

► WATCH FOR GREATLY increased food and fuel production in Europe as ways are found to stabilize European currencies.

Farmers and miners in France, Germany, and to a lesser extent in England, lack incentive to increase output because:

There's practically nothing to buy with the money they earn.

There's no confidence in the money, no inclination to earn and save it.

That's why farmers prefer to feed grain to cattle rather than sell it to hungry cities.

And that's why miners see no point in working longer hours.

One likely step to support weak cur-

MANAGEMENT'S Washington LETTER

rencies, increase confidence in them is agreement by U. S. to accept them in payment for Marshall plan shipments.

► **STEEL PRODUCTION** at present rate will meet domestic demand through 1950.

That's shown in report of Interior Secretary Krug, which points up fact that expansion need arises from huge (and temporary) foreign demand.

Here are his figures in millions of short tons:

	Produc- tion	Total Demand	Dom- estic	Ex- port
1947	63	65	58.4	6.6
1948	63	66	59.4	6.6
1949	63	68	61.4	6.6
1950	63	69	62.4	6.6
1951	63	70	63.4	6.6
1952	63	71	64.4	6.6

Note steady widening of spread between total demand and production.

This is used as argument to show need for increasing steel making capacity.

Krug mentions in his text, but overlooks in his table, that improvements in techniques, expansion of existing facilities, new furnaces, will increase steel production capacity during this period.

Steel men say increase will run between 5 and 10 per cent. In that case shortage nearly will be covered.

► **KRUG ESTIMATES LEAD** production will be 30 per cent under demand by year's end.

That means 1948 shortages in brass, bronze, batteries, paint, type metals, sheathing for cables, babbitt metal, collapsible tubing, other lead products.

U. S. has capacity to refine, but isn't getting out necessary ore.

One reason: President Truman vetoed bill passed in last session to continue incentive payments to marginal mines.

Stockpile dwindles. It can't be built up by imports. Shortage is world wide.

► **RESOURCES SURVEY** estimates present copper production at 900,000 tons, consumption at 1,250,000 annually;

Within five years production will drop to 825,000 tons, despite fact that mines could support 1,000,000 ton rate if fully developed.

Meanwhile aluminum cuts into copper's market because of price.

► **WAR DEPARTMENT'S** standby facilities may be put to work producing nitrogen to fertilize western European fields.

Europe requires 100,000 tons from western hemisphere for coming crop season.

Standby plants could produce 60,000 tons—U. S. share of European need.

Drawback: Army's plants were scattered for security. They would require many hard-to-get tank cars to transport components from plant to plant.

► **MAJORITY OF ECONOMISTS** expect some sort of recessive adjustment in first half of 1948.

(They had same feeling about '47.)

They peer doubtfully at three points:

High break-even point in business.

Drop in quality of demand.

Historically high commodity levels.

Profits are high because of tremendous volume. But profit margin is narrow.

Thus a comparatively slight drop in volume can turn profit to loss, cause cutbacks.

Although demand in both consumer and capital goods remains high, quality of demand is questioned on these grounds:

More than two years of record production have taken off cream, met most urgent part of demand.

Remaining demand is large but soft, perhaps deferrable.

Farmer demands a corn picker, but would cancel order if corn price tumbled.

People demand housing, but grocer takes more and more of their income—so they may decide to remain in shelter they have, defer housing plans.

Commodity prices raise doubt because never have they held for long so relatively high.

Note: Forecasts of recession are based not so much on signs as on doubt.

► **WHAT HAPPENS WHEN** commodity prices break? How does it affect you?

It's the opposite of what happens on a rising market—the reverse of the early '40's.

Sequence might run something like this:

Suppose Europe should make a sensational comeback in farm production, eliminating need for imports, throwing surplus on U. S. market.

Grain, other farm prices would break.

Farmers would cancel orders, stop buying.

Industries with grain, related inventories would be worth less.

Banks would see loan values dropping, press for collection.

Some businesses, their capital ab-

sorbed by inventory loss, would fail.
People would lose jobs.
What would stop such a motion?
Arrival of a price level that would attract buyers.

► **GOVERNMENT'S POWER** to maintain or depress prices—with or without law—is demonstrated clearly by recent moves.

On heels of British cut in U. S. flue cured tobacco purchases came government buying program to "stabilize" market.

Agriculture Department ordered CCC to buy volume equal to British cut.

Effect was to "stabilize" market several points above level at which Government is required to buy under terms of parity program set up by Congress.

At same time poultryless Thursdays were depressing prices in poultry market.

Farm Commissioners' Council, other farm groups, charged program threatened poultry raisers with ruin.

► **BOOM NOTE:** Both parties have found a non-partisan patriotic reason for keeping business at a high level.

This is it: We can't let recession occur because it's our duty to show the chaotic world that ours is the world's best system.

Russia has predicted depression in U.S., has told her satellites that it's already in progress.

But politicians, like the rest of us, never know a slump is coming until it's here.

► **WHITE HOUSE** approaches price problems gingerly.

Presidential advisers recall what happened in 1937 when Roosevelt declared prices were too high.

Prices dropped. So did employment.

► **REPORTS OF HOARDED U. S. currency** abroad revive talk of changing money.

Idea is to change color, shape or size of U. S. bills, require exchange of old for new within a time limit, thus bring out hidden money.

Underlying idea: To bring out, at same time, money held here in safety deposit vaults to avoid inheritance, income or gift taxes.

► **COST OF BUILDING** a house next spring will be about the same as now.

If it's higher, it won't be much higher. If lower, not much lower.

That's opinion of construction men who have studied national outlook.

Their reasoning:

In spite of many complaints, labor productivity is rising.

MANAGEMENT'S Washington LETTER

(There are no nationally accepted standards of productivity. Varying judgment of contractors is evidenced by bids—which vary up to 100 per cent.)

Rise in productivity will off-set further increase in labor costs, other effects of inflation.

Over-all effect will be to hold construction prices at or near present levels.

Building rate reached 1,000,000 housing units a year this fall.

Construction experts say volume of new housing will not cut value of older units until 1950, at the earliest.

► **BOLD TACTICS** of Communists seeking to discredit U. S. are demonstrated in unpublicized incident at Geneva.

American representative made speech to International Labor Conference on capitalistic system.

He discovered later that official translation into Spanish, beamed at South, Central Americas, was filled with changes, distortions, deletions.

Highpoint: Speaker's statement that U. S. manufacturing workers were paid \$1.20 an hour was changed to say \$1.20 a day.

Sharp protest brought correction, later. Investigation disclosed presence of Communists on conference staff.

► **BRIEFS:** U. S. railroads have on order more than \$1,000,000,000 worth of cars and engines....Federal Reserve reports manufacturing production workers' purchasing power 20 per cent greater than in 1940, despite price rises....Navy, Air Force buy approximately 70 per cent of entire output of U. S. aviation manufacturing industry....England's average weekly pay, \$24.70....National Association of Retail Grocers says storekeeper grosses 15 per cent of sales, is lucky if he nets from 1- to 3 per cent....As usual federal bureau appropriation requests arriving at Budget Bureau are bigger than last year's....Twenty-five U. S. makers now offer 51 commercial aircraft models (including helicopters). ...Texas group proposes 1,839-mile pipeline to carry 325,000,000 cubic feet of gas daily to New York City....Sign of the times: 10 and 15 cent cigars sell at monthly rate of 260,000,000 while nickel smokes trail with 98,000,000.



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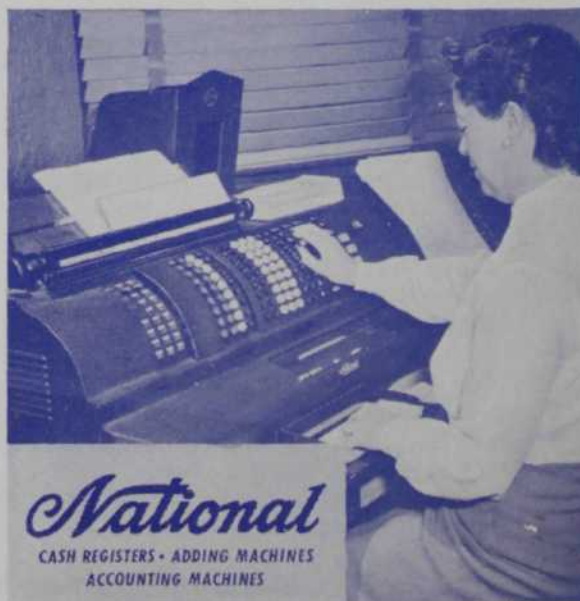
Noted for its far-sighted management, the Geo. E. Keith Company of Brockton, Massachusetts, was one of the early users of National *Mechanized Accounting*.

Starting their use of Nationals on a small scale, the shoe company was quick to sense their advantages—their speed, accuracy, and flexibility. Today, extensive installations of National Accounting Machines serve both their Middleboro and their Brockton plants—the latter one of the largest in that famous shoe center.

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TRENDS



OF NATION'S BUSINESS

The State of the Nation

SO FAR AS the issue can be clarified by investigation and discussion, two points in regard to American aid for Europe are now clear.

It is certain that the United States can provide the food, the raw materials and the machinery necessary to tide these countries over an emergency which will last several years. It is equally certain that this assistance will be of no permanent value unless it operates to establish these war-stricken lands as a going concern.

All the technical talk about "dollar shortage," "balance of payments," "credit inflation" and so on has tended to obscure and confuse the essential problem. For various reasons, all springing from wartime destruction and dislocation, the nations of western Europe are terribly short of the necessities of modern life. The United States, primarily because our economic and political system releases men's energies for production, is fortunately able to meet the immediate European need with no serious damage to our material standard of living.

Of course this does not mean that we can "save Europe" out of surplus. The flow of donated goods abroad will inevitably mean short supply, and therefore a continuing tendency toward higher prices of goods on the domestic market. The scale of aid requested will also make it difficult to reduce taxes safely.

Many domestic problems, of which the origin will not always be clear, will arise from the enormous charity which is contemplated. No thoughtful congressman is blinding his eyes to

that consideration. But the generous American people are accustomed as individuals to giving "till it hurts." This sensitiveness to the needs of others would operate strongly in behalf of the huge relief program, even if there were no threat of communism to make generosity desirable from a political as well as an ethical viewpoint.

• • •

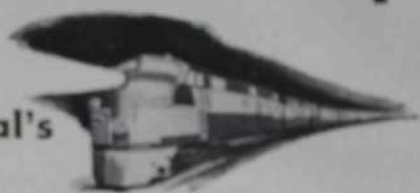
If the problem were merely one of tiding western Europe over the emergency of the current winter, the task before the present special session of Congress would be relatively easy. It would be much easier than the problem faced by a banker in extending a loan to an individual or firm with a good credit rating. The banker has to consider whether the collateral is adequate, whether the interest rate is satisfactory and whether the loan will be used constructively. Unfortunately, the last consideration is also often the least.

But the way in which appropriations for aid to Europe will be used must be very much in the minds of the congressmen who have the authority to vote our money for this end. If repayment were a consideration in these appropriations they would not be made, for nobody in his senses will believe that the credits can be called loans in the ordinary commercial sense of the term. Therefore, since repayment is not a factor, the use made of the money is a matter on which inquiry in advance is much in order.

As we pointed out in this space last month it

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is very doubtful that our gifts to Europe will be of more than hand-to-mouth benefit. There is no certainty that American financial assistance will "provide a cure rather than a mere palliative," to quote the words used by Secretary of State Marshall in defining the objective of the so-called "Marshall Plan." None of the copious information on their deplorable economic situation, as provided by the governments of western Europe, gives any certainty as to the ultimate recovery of most of these countries.

Under the circumstances it is both logical and easy for the American people to become irritated; to say bluntly that we have given more than enough in subsidies to those who want our wealth as long as they can condemn the profit system by which we make it. Such an attitude would, for many reasons, be most unfortunate.

In the first place it was the pressure of wartime necessity rather than the influence of Marxist theory which drove the people of western Europe into the quagmire of governmental planning in which they are now bogged down. We should remember that, under the strain of war, we ourselves were forced to accept a great deal of temporary regimentation. Indeed, there is still a strong minority of Americans, not all fellow-travelers, who argue insistently for the re-establishment of controls.

In the second place we should remember that everywhere in western Europe there are many who think as we do; who are doing their utmost to rid themselves of the fetters of socialism by constitutional means; who will be helped in winning converts to their cause if we show magnanimity and generosity at this critical time.

In the third place it is important to realize that American policy, for which everyone of us bears some share of responsibility, is at least in part responsible for the present desperate situation of western Europe.

Whether or not the decisions were excusable, the fact remains that we freely accepted Russia's ambition to take over and isolate the granary of Europe. It is in part because of our acquiescence, at Yalta, Potsdam and elsewhere, that western Europe is today in the position where it cannot obtain its normal food supply. An American order to our own occupation authorities said: "You will take no steps looking toward the economic rehabilitation of Germany." It serves no purpose now to say we did not then realize that this policy meant the ruin of Europe as a whole.

Recriminations over past blunders, however, are of small value in solving the problems which they have intensified. The point on which we should now concentrate is the way in which western Europe can still be set on its feet. This is far more important than a rehearsal of the many

obstacles, ranging from inspired communism to individual cussedness, which impede a constructive outcome.

There is little doubt that western Europe, meaning everything west of the Stettin-Trieste line, can be restored as a "viable"—or workable—economic unit, provided that its people will subordinate imaginary nationalistic advantage to the good of the whole area, and provided that the great workshop, which this area has long been, can, in future, find adequate outlets overseas for the products of its countless factories.

The first of these provisions is one which the Europeans themselves must satisfy. If the French really believe they gain anything by moving Ruhr coal to France while steel mills in the Ruhr are idle for lack of coal, we can do little to improve their provincial economic thinking. We can only point out that we are in a position to help Europe simply because the United States are really united states. The fact that "are"—the plural verb—sounds wrong is supremely significant.

But, in adjusting ourselves to the fact that we must willingly accept more of Europe's manufactured products, we have a job of self-education ahead of us. We have to alter stubborn opinions based on years of high-tariff propaganda.

A start in readjusting our thinking to the new situation has been made. An over-all trade agreement of 23 nations, under which western Europe will find it distinctly easier to sell its products in this country, has been signed after more than six months of patient negotiation at Geneva.

But there will be opposition to the ratification of this pact by Congress. There will be opposition by some Americans who do not hesitate to say that the countries of western Europe are not doing enough to help themselves. The attention of such short-sighted obstructionists should be called to a very important section (No. 159) in the report of the Committee of European Economic Cooperation on the Marshall Plan. In a simple statement of fact, which no high-tariff sophistries can undermine, the representatives of the 16 western European nations agree that:

"The action which the participating countries can take is limited. The power to correct the maladjustment is not theirs alone. The maladjustment can never be corrected on a basis of expanding trade unless market conditions in the American continent permit Europe to sell goods there in steadily increasing quantities and permit other countries to earn dollars there and use them to purchase from Europe."

—FELIX MORLEY



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The Month's Business Highlights

UPWARD price trends throughout 1948 are anticipated by many government economists. Their expectations differ from the conclusions growing out of a survey in which 100 privately employed economists participated.

The majority of the economists in private employment expect a mild depression next year. They predict that a decline in prices will set in after the turn of the year which will carry the BLS wholesale price index more than 20 points below the average that has been prevailing.

Government economists are of the opinion that prices will not start down as soon as their professional brothers think. They expect domestic and foreign buying power to be sufficiently strong to keep prices rising during 1948, with the peak coming late next year or early in 1949. The government specialists expect the wholesale index to go higher than the 158 predicted by the outsiders. A level of 175 may be reached, the federal economists estimate.

When the decline comes, the government people expect it to carry the index lower than the survey figure of 140. They think it will go to 110 before another upward swing begins.

Participants in the survey expect more building construction next year, despite the depression which they foresee. The government men are emphatic in their view that the volume of construction will not increase in the face of a decline in general business.

Predictions of Industrial Production

In government quarters the expectation is that the trend of the index of industrial production in 1948 will be upward. They think it will hit 200 in at least two 1948 months. Sixty-four of the 100 outside economists predicted declines in the industrial index averaging ten per cent. That hardly can be classed as a very pessimistic prediction.

Incidentally, the government experts hope their confrères are right and that they themselves are wrong. They want to see adjustment begin at the earliest possible moment. With building booming, despite high prices; with 1948 export estimates still at a high level and with capital expenditures expanding, it is difficult for them to find ground upon which to base a prediction that there will be any sustained downturn in prices in the next year.

Nothing would be more helpful in the present



situation than a decline in the price of agricultural commodities. To bring about anything substantial to that end would call for another year of bumper crops in the United States and a big upturn in agricultural production around the world. There are indications that American production

is likely to be less next year. There is more than weather to consider. Fertilizers will be short. Machinery will be short. Farmers in most countries can find little to buy with their money. Such reasoning tends to rule out reliance upon any sustained easing of pressure on food commodities.

It is the spending of individual incomes that contributes most to inflation. That has accounted for the opposition to the tax bill. Rises in the price level increase incomes. With wages at high levels and millions of farmers getting record returns, income is more widely distributed than ever before. The portion absorbed by taxation reduces buying power and increases the surplus the Treasury can use to retire debt. To retire debt is an effective way to sterilize money.

There is not much the Government can do to check the expansion of commercial credit except by retiring government securities held by the Reserve banks. To make it harder for banks to get additional reserves would necessitate higher interest rates. That would depress bond prices. The banks want higher interest rates but they do not want prices lower on bonds they hold.

Authority to control consumer credit has strong backing, but it cannot be regarded as a highly important factor in a \$225,000,000,000 economy.

Export controls can be highly selective and can be strategically used. Properly handled they constitute an important stabilizer.

Proposed restoration of excess profit taxes is backed by a high head of pressure. The idea is sufficiently inconsistent to appeal to many of the lawmakers.

Since speculation in grains does not involve the creation of credit, as do operations on the stock exchange, margins are not as important in the buying of these commodities. Speculation in grains, however, has been widespread and has been an important factor in boosting the price. Congress may grant powers to prescribe margins, although control over the volume of trading probably is all the authority needed to keep that situation within bounds.

Most members of Congress are disinclined to



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take action likely to be deflationary. This is particularly true when the target is farm prices, but members of the present Congress are showing signs of being quite consumer conscious. They also realize that the farm vote is shrinking. Mechanization of agriculture is reducing the population on farms. As the proportion of industrial workers rises, cost of living becomes a more important political factor. The effect is to subject the various support programs to greater scrutiny.

Scarce Cars Limit Production

The extent to which freight car supply is limiting production and hampering distribution is being recognized more generally as winter begins to slow down the handling of cars. Shortage of materials and the uneven flow of component parts have kept car builders from coming within shouting range of their goal of 10,000 new cars a month. Repair of bad order cars has been slowed down for the same reasons, plus a certain amount of obsolescence of equipment in railroad shops. Shippers have cooperated as never before in getting prompt loading and unloading of cars. It is general practice for them to pay overtime so as to load and unload on Saturdays and holidays. They are making minor repairs on cars at their own expense. If everyone pitches in and helps it is hoped the Government will not feel impelled to regulate car supply. Thus far in the postwar period shippers and the railroad industry have had only a minimum of restrictions and regulations with which to deal. It had been expected that some relief in the demand for cars would be afforded by a decline in exports. It is not probable, however, that the expected decline in exports will ease the situation materially.

The British have been obsessed with the fear that a depression might occur in the United States and interfere with the amount of aid we could extend. Russia has been banking on such a depression to give her a freer hand in Europe. They both are wrong. Depression in the United States would ease the demand for goods at home and make more goods available for export. Were Russia to make moves that would create a fear of war, a depression soon would be brought to an end by preparedness programs.

The President is being blamed personally for having vetoed a proposal by Republican leaders to have members of the staff of the appropriations committees attend the hearings conducted by the Bureau of the Budget.

It is claimed that government expenditures could be reduced if the technicians in the employ of Congress could interrogate the representatives of the executive agencies who appear to justify their requests for funds.

Budget officials say members of the appropriations committees will not accord them a comparable privilege of sitting with them. They believe alterations in the budget could be made more intelligently were that the case.

Much the same situation exists between the Treasury and the joint Congressional Committee on Internal Revenue Taxation. These are examples of the lack of cooperation between the executive and legislative branches which help keep government inefficient.



OF NATION'S BUSINESS

Expenditures by consumers in 1947 for automobiles, durable goods and housing will be double the amount estimated at the beginning of the year. This is indicated by the latest Federal Reserve survey of the financial position of the general public. The estimates were made by the consumers themselves when they were asked how much they expected to spend in 1947.

Apparently the large expenditures for these durable items did not divert pressure from food-stuffs. The total spent for food has kept going up. Consumers evidently prefer to draw on savings rather than curtail expenditures. Prices, it seems, have not yet reached the point where they discourage over-all buying.

Attention is being focused on productivity. More and better machinery ordinarily is relied upon chiefly to increase man-hour output. The present situation calls for more production than can be secured by use of improved equipment. Efforts are afoot to promote cooperation between management and labor to supplant practices that slow down production with opportunities for greater earnings on the part of those who do their utmost. This would be coupled with renewed efforts to eliminate waste, to reduce multiple bidding and to curb speculation. The idea is to emphasize that an economy of abundance holds out greater promise for the common man than does an economy of scarcity.

Here are some conclusions to which most members of Congress subscribe: war creates conditions that make it difficult to feed and support cities; peace creates conditions under which farmers produce more than the market can take. Cities must be saved by preventing wars. Farmers must be saved by creating conditions under which people can eat more in times of peace.

—PAUL WOOTON

"...and if elected, I promise you I shall—"

CHANCES ARE he won't do any such thing. Circumstances always interfere with campaign promises. In *Nation's Business* for January GERALD W. JOHNSON will tell why. He warns presidential candidates and prospective voters that the issues which seem important before election are likely to be completely overshadowed by something entirely different after inauguration.

Whatever Happened to 1913?

Remember what a good meal cost? A good suit? A hat? Remember what a good man cost an employer? John T. Winterich gives a sigh, and also a whoop, for the good old days.

American Business is Building Arabia

When given a choice between dealing with foreign governments or private business, Ibn Saud chose Standard Oil of California and Texas Company. Now he and his people are glad he did.

Also coming in *Nation's Business*...

A story by Herbert Corey about Wade McCargo's little store (only 5 or 6 millions a year) in Richmond, Va.

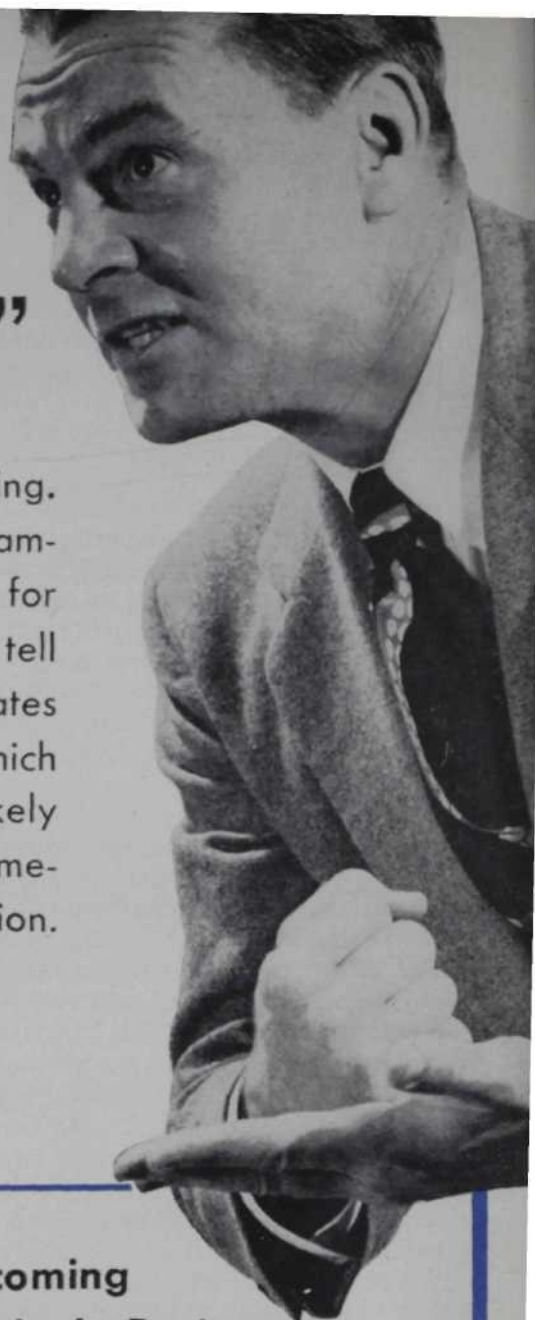
The nation's new political lineup as the balance of power moves west.

Mexico—new land of promise. Sometimes it takes a month, south of the border, to double your capital.

Is the New Deal dead?

The machine age is just beginning in America.

These and a dozen other articles you will want to read will start *Nation's Business* on the new year. Watch for them in January and February.



Washington Scenes

POLITICALLY speaking, Americans right now "are not mad at anybody." That's the report that travelers bring to Washington. They say that there is a lot of griping in the land, as always, but they note a new tolerance and a disposition to suspend judgment.

If this is truly the country's mood, it represents a notable change. It means that, for the first time in years, the people have their doubts about just who is the villain in the economic picture. Not much doubt has existed heretofore. Sometimes the villain has been Business; sometimes Labor. Or it has been the Republican Party or the Democratic Party or simply "those people down in Washington." That has always made it easy.

The hard economic lessons of the past two years, with prices and wages chasing each other relentlessly, appear to have had their effect on Americans with horse sense.

One result, as 1947 nears a close, is a finely balanced political situation. Neither of the big parties seems to have much of an edge in the voters' affections. A recent poll among Washington political correspondents reflected this. It showed the correspondents standing almost 50-50 on the question of which party would win the Presidency next year.

Such then is the picture as Congress, called back a month and a half before the regular January session, tackles the "compelling" problems of high prices and aid for Europe.

Congress Was Told

Washington still talks about that White House conference at which President Truman notified the leaders of Congress that he was calling a special session. His decision—at least that part of it dealing with the high cost of living—was one of the best-kept secrets in the city's history.

To appreciate the astonishment in Republican ranks, it is necessary to go back to Mr. Truman's first conference with congressional leaders, Sept. 29. The sole question then was stop-gap aid for countries like France and Italy. What struck everybody was the President's attitude, his air of indecision. He acted, some said, as if he were the prisoner of Congress. He seemed to be waiting for the G.O.P. leaders to tell him that they would go along with him on a special session of Congress. He didn't ask them, however, and they didn't say they would, and the whole question was left in the air.

TRENDS



OF NATION'S BUSINESS

Thereafter Mr. Truman was the target for scathing editorials. He was pictured as a timid executive afraid to exercise the responsibilities of his office. There were cries for "leadership."

When he called the congressional leaders back to the White House, three weeks later, the Republicans expected one of two things: first, that Mr. Truman would tell them that the Administration had found ways of helping France and Italy without need of a special session; or, two, that he would ask them to consent to a special session.

What Mr. Truman actually did, of course, was not to ask them but to tell them. He told them that he had decided on a special session; the proclamation already was drafted.

Moreover—and this was the bombshell—he said that he would send suitable measures to Congress dealing, not only with the European crisis, but the "alarming" problem of high prices at home.

Back on Capitol Hill later that day, the Republican chieftains admitted that Mr. Truman had been an "appealing" figure. They remarked that his hair was whiter, that there were more lines in his face, and that he seemed gravely concerned about the threats to peace and prosperity.

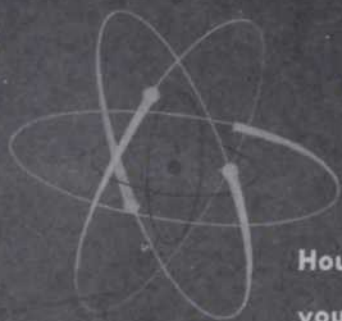
A Political Advantage

The more they thought about it, however, the more some of the Republicans suspected that Harry Truman had wrested the initiative from them on one of the hottest political issues of the day—high prices. Rep. Charles A. Halleck, of Indiana, G.O.P. leader of the House, pondered the thing overnight. Next morning he issued a statement to the press, saying:

"President Truman promised to consult responsible congressional leaders before calling a special session of Congress. He did not keep that promise.... There was no suggestion by him during our Sept. 29 meeting about price legislation.... Can it be that Mr. Truman is playing politics with prices at the jeopardy of European relief?"

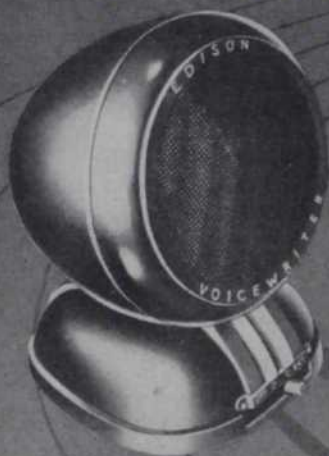
The situation could change, but right now the high cost of living promises to be the cardinal issue of '48.

Trying to foresee the outcome of such a partisan battle is next to useless. Not even past political history is of much value. Over the years, the party in power has been ousted because of high prices; it also has been ousted because of low prices



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—low prices being synonymous with depression. The situation closest to today's, in point of time, was that of 1920. That year high prices resulted in widespread buyers' strikes.

The Republicans, in their 1920 platform, blamed the inflationary policies and the extravagance of the Wilson Administration for the high cost of living, and, in November, they won by a tremendous landslide.

Economists point out, however, that there is one notable difference between 1920 and today. Although the cost of food and other essentials is about the same in both cases, wages are far higher today. Average earnings in manufacturing plants are now around \$48 a week. At the time of the Harding landslide, the average wage in New York State factories was \$28.15.

Foes of Big Government, those zealous men on the Hill who have been trying to cut down the army of federal workers, appear to be in for some more frustration.

The Marshall Plan, if approved by Congress, is expected to create "thousands" of new federal jobs. Treasury, Commerce, Interior, Agriculture and the State Department would have to expand their staffs, even if an entirely new agency were created.

Traveling American statesmen who called on Winston Churchill in England, found the old war horse scornful of the Labor Government. They quoted him as saying that Attlee & Co. just didn't have the skill to run the British Government and that the people were beginning to catch on.

This was, of course, before the British Conservatives won their spectacular victory in the municipal elections early in November.

Talking to one American official, Churchill grinned and said: "Have you read my Fulton speech lately? No? I suggest that you do so when you get home."

It would repay any one to read it again. Widely denounced at the time, March 5, 1946, the remarks which Churchill uttered in a little Missouri college town are an amazing example of a great statesman's insight:

"A shadow has fallen upon the scenes so lately lighted by the Allied victory. . . . From Stettin in the Baltic to Trieste in the Adriatic, an iron curtain has descended across the continent. . . . The Communist parties of fifth columns constitute a growing challenge and peril to Christian civilization. . . . These are somber facts for anyone to have to recite on the morrow of a victory gained by so much splendid comradeship in arms. . . . It is because I am sure that our fortunes are in our own hands and that we hold the power to save the future, that I feel the duty to speak out now. . . .

I do not believe that Soviet Russia desires war. What they desire is the fruits of war and the indefinite expansion of their power and doctrines. . . . From what I have seen of our Russian friends and allies during the war, I am convinced that there is nothing they admire so much as strength, and there is nothing for which they have less respect than for military weakness. . . ."



What do Washington officials expect of the Marshall Plan aside from the rehabilitation of Western Europe? They expect that the Communist tide will be checked, of course, and they expect that eventually it will begin to ebb. But they also hope for something more—some change in Russia herself.

They are rather vague when they talk about this, and necessarily so. What they have in mind, however, was eloquently stated by Henry L. Stimson on his eightieth birthday.

Stimson pointed out that Russian intransigence is based in large part on the hope that all non-Communist systems are doomed. And Soviet policy was aimed at helping them to die.

"We must hope," Stimson continued, "that time and the success of freedom and democracy in the western world will convince both the Soviet leaders and the Russian people now behind them that our system is there to stay. . . ."

"Even the most repressive dictatorship is not perfectly unassailable from within, and the most frenzied fanaticism is never unopposed. . . . We must make it clear . . . that the western non-Communist world is going to survive in growing economic and political stability. If we can do this, then slowly—but perhaps less slowly than we now believe—the Russian leaders may either change their minds or lose their jobs."

Considering the tight grip which the present Russian leaders have on the country, Stimson's preview may seem vain.

It can be stated on the best of authority, however, that Russian experts at the State Department share his judgment.

Political notes: President Truman, according to his intimates, has no idea who will be his running mate in '48. . . . Stories about Mr. Truman being "sore" at General Eisenhower are denied, and with evident sincerity, at the White House. In private talk, Democrats say Senator Vandenberg probably would make the most formidable Republican nominee for President.

—EDWARD T. FOLLIARD

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PAUL HOFFMASTER

Moral crises have come to all nations • • • Ancient Greece knew corruption and license

A Question 2,000 Years Old

By J. M. LALLEY

THE LATE Georges Clemenceau, a man of venomous wit, is reported to have observed that Americans afford the unique historical example of a people which has passed directly from a condition of barbarism to one of decadence without an intervening period of civilization. If this is really what M. Clemenceau said, there is no reason to suppose that he believed it. For, although a European might then have argued that America had yet to achieve a highly developed culture—in the sense of a great literature or a characteristic art—he could scarcely have denied that there was an American civilization in both the political and material meanings of the word. It seemed also certain that the very inadequacies of this civilization were those of a still young and exuberant society.

Today perhaps the case is not so clear. At any rate, we can hear it said with some frequency that our American society has begun to ex-

AFTER every great social convulsion comes a period of decadence while men seek new values to replace those which they have lost

hibit symptoms of that moral disintegration which has preceded the collapse of the great civilizations of the past, and, even within our own memories, the final destruction of Europe. The contents of our newspapers and, indeed, the evidence of our day-to-day experience seem to lend these warnings a considerable plausibility.

The surest indication that something is seriously wrong with what we call the American way of life is in the steadily rising incidence of mental and emotional disorders. It is unnecessary for us to enter the argument about whether these disorders are engendered by the civilization itself or whether the spiritual stresses of the civilization

merely aggravate and make apparent defects which, in a less strenuous society, might have remained merely latent. The important thing is that, with each generation, these disturbances are evident in a larger portion of the population.

Thus Americans, despite the material standard of living which has made them the envy of the world, are no longer to be described as a happy and self-confident people; and many students of contemporary American life, both native and foreign, have called attention to the sense of loneliness and frustration it imposes upon the individual.

The reality of this loneliness is shown in our febrile efforts to escape it; that is to say, in the grim pursuit of pleasure to which so many Americans now devote their leisure; in the pervasive eroticism carefully stimulated by Hollywood; and by what one critic, not notable for squeamishness, has described



Roman conquests brought decline of religion • • • civil wars followed

as "the most licentious literature that the world has ever seen," and in all those yearnings which are cleverly exploited by a certain sort of advertiser.

It is further manifest in the increasing instability of American marriages, nearly half of which are said to end in the divorce courts, in the exaggerated role now given to alcohol in American social life, in the increase of alcoholism among women and in the frequent revelations of promiscuity among children. Again, the prophets of decadence have noted the astonishing growth of juvenile crime which has now reached such proportions as to constitute one of our most formidable domestic problems. Still another symptom is to be observed in the growing tensions among social groups within the population and in the increasingly fanatical character of modern politics.

All these things, certainly, are indicative of a crisis of some sort, and of the disappearance of many traditional norms of thinking and conduct. But, in attempting to appraise the historical significance of the crisis, we must, I think, proceed with some caution.

Let us begin by observing that the breakdown of morals is perhaps neither as great nor as general as we may be tempted to suppose. Most of us, I dare say, looking over the consequences of the most recent war, feel obliged to

agree with T. S. Eliot that, after the wastage of so much blood and treasure, the world of today is morally no better than the world of 1938. But if we compare our world with, say, the world of 100 years ago the question is more confused. If there is much about our lives that would have dismayed or scandalized our great-grandparents, we can also discover some things about which our consciences are more sensitive than theirs.

Moral progress in 100 years

NOT all Americans in 1848 might have shared the horror now excited in us by the reports of slave labor in Soviet Russia. In 1848 the slave trade was still flourishing and upright and respectable citizens were defending the institution of slavery on both rational and religious grounds. Only a few Americans of that time would have understood our indignation about wars of conquest for the sake of territorial annexations, or about the extermination or forcible removals of racial minorities, as far at least as this might concern the Indians of the western plains.

Not many Americans today, we may be sure, would approve a plan to cure the problem of juvenile delinquency by obliging all poor children of the industrial districts after the age of eight or ten to labor from 12 to 14 hours a day in factories or mine pits; yet child

labor in its crudest and most brutal form was still the practice in the enlightened and civilized England of 1848.

It would, of course, not be true to say that the generality of either the Europeans or Americans of that time were wholly blinded by class or national egoisms to what we call social justice. They prided themselves, indeed, on their "benevolence." They were not, for example, indifferent to the terrible consequences of the great potato famine in Ireland; yet we certainly do not observe among them quite the same disposition to sacrifice that attends our present effort to forestall the threatened famines in western Europe.

We do discover in the psychological climate of 1848 something that is conspicuously missing from our own: a sort of buoyant optimism, a sense among all classes that tomorrow must be somehow better than today. In other words, a firm and unshakable faith in the idea of progress.

And now, I think, we have come to the heart of our problem.

It is plain that our great-grandfathers, deluded or hypocritical as they may seem to us, felt considerably more at home in their universe than do we in ours, and that they possessed in much greater degree than ourselves what the psychologists call "the sense of security." Thus the great crisis of our time, which is at the root of our



Gunpowder destroyed the feudal social system . . . must catastrophe follow the atom bomb?

unhappiness, is primarily a crisis of the imagination. Such crises have recurred with more or less regularity throughout the history of western civilization. They are produced by some profound alteration in the intellectual vision of the peoples concerned, especially in their conceptions of the universe and of man and by the consequent decay of traditional beliefs.

These changes may indeed be so gradual as to be for long imperceptible, taking place over a century or even several centuries, according to the tempo of historical evolution. They are apparently associated with some momentous economic, military or scientific innovation or with some tremendous natural calamity, such as plague or universal famine, disruptive of the traditional patterns of life.

Periods of turmoil

THE extinction of the world-vision whereby civilization has been nourished is usually followed by a period of revolutionary turmoils which subside only when a new vision has taken possession of men's minds.

I think we can discern one such crisis in the Hellenic world after the faith in the Olympian religion had been undermined by the speculations of the philosophers. Thus the famous accusation against Socrates, that his ques-

tioning spirit had corrupted the youth of Athens, must have had some color of truth in the minds of his judges.

In Rome of the first century B.C., another and greater crisis is evident with the decline of the old civic religion, the multiplication of the Roman conquests and the contacts with Hellenistic civilization. The political consequences in each case may be observed in the ferocious conflicts of faction and civil wars. It is interesting to note, too, that, in each case, the decay of the civil pieties and the period of revolution was presently followed by the temporary ascendancy of a doctrine of political universalism, by a desire for "One World" and for the "Meeting of East and West" as exemplified in the dreams of Alexander and afterwards expressed in a famous passage from Marcus Aurelius: "The poet saith, 'Dear City of Cecrops,' but wilt thou not say, 'Dear City of God.'"

Another such crisis occurred in Western Europe after the introduction of gunpowder and the social and economic dislocations resulting from the Black Death. The destruction of feudal society and of the imaginative edifice of the medieval world was completed by the Copernican astronomy, by the transition of law from the principle of hereditary status to that of free contract and by the rise of a political universalism in the form of the monarchical despotisms.

The revolutionary sequel to the great moral crisis of the fifteenth century A.D. may be observed in the Protestant Reformation, in the Catholic Counter Reformation, in the Wars of Religion in France, the Thirty Years War in Germany and the Puritan Revolution in England. These were, so to speak, at once the death agonies of medievalism and the prolonged birth spasms of modernity. Toward the end of the seventeenth century, the revolutionary fever begins to subside as the new configuration of the universe and of man becomes apparent in the cosmologies of Newton and Kepler, in the psychology of Locke and a little later in the economic doctrines of the physiocrats.

To understand what had happened it is necessary to recognize the close correspondences between the Aristotelian or Ptolemaic cosmology and the social and political structure of the Middle Ages. The medieval philosophers did not, as is often asserted, believe the world to be flat; they did, however, believe—on the impregnable authority of Aristotle—that the earth was a fixed sphere within a closed and spherical universe; around the earth, the sun and the planets in their several orders revolved in a concentric counterclockwise movement. Beyond the planets was the *primum mobile*, or first mover, revolving in a clock-

(Continued on page 86)

Today's Farmer Has a Long Memory

By JOHN W. BALL

LAST fall a southern Iowa farmer sold 312 light hogs on the Chicago market for some \$20,000.

The only unusual aspect of the sale was the fact that the Iowan insisted that the check for the transaction be made out with a gold pen that he carried.

"This pen cost me \$20,000," he pointed out, "and just to remind me not to be a damned fool with my money again, I try to have all my important checks made out with it."

That Iowa farmer epitomizes most of his state's farmers who went through the agricultural boom and bust that followed World War I and who, now, in these good times are taking no chances.

Profits in World War I

BUT let's go back to 1919. At that time the farmer in our story had owned a 160 acre farm. The high prices of the first war period had enabled him to pay off his mortgage. Corn was almost at \$2 and hogs were bringing about \$26. He had reasoned that, if he could do so well on 160 acres, he could do twice as well on 320, even with Iowa farm land selling like \$2 tickets at the Kentucky Derby.

One day he went into town to see his banker who not long before had offered him \$300 an acre for a quarter section—land his own father had bought in 1870 for \$20 an acre.

He was aware that, since 1846, when Iowa entered the Union, its land had increased steadily in value. When he had sought a loan from his insurance company in 1910, his land had been appraised at \$95 an acre. Five years later the price had gone up to \$125.

A speculation wave was on and he knew that he would have to match his banker's offer to

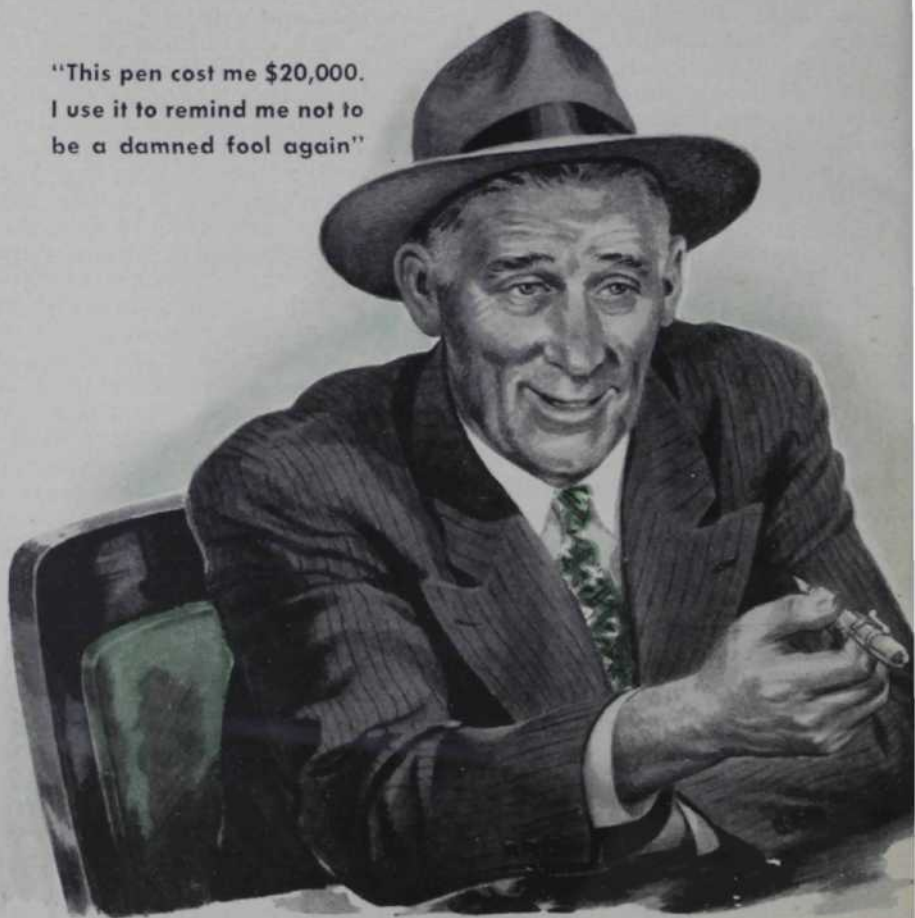
acquire the additional 160 acres he wanted. He found another farm of that size for sale, and, putting a mortgage on the old and the new properties, started out to double his income. He had reason to be confident because Iowa produced more foodstuffs than any other state in the nation.

One day he was approached by two neatly dressed men who informed him that his name had been suggested to them by his town banker. They were organizers of a movement to build a large packing

plant in Des Moines, to be financed by successful farmers like himself. They described their venture, told of huge fortunes that had been made by such firms as Armour, Swift, Cudahy and others. These fortunes had come, they explained, not from the hard work of farming the land, but from the comparatively easy job of distributing farm products.

Why should an Iowa farmer, they asked—or any farmer for that matter—permit such profits to be made off his labor? They clinched

"This pen cost me \$20,000.
I use it to remind me not to
be a damned fool again"





their argument with the statement that their organization was looking for men of his caliber and that they were going to recommend him for consideration as a director of the new enterprise.

Capital was going to be required, but they touched lightly on this subject. There were no Blue Sky laws to govern the issue of stock certificates to protect the farmer at this time, no SEC to police the field. The deal sounded good to the Iowan and he agreed to buy into the setup. The bank again advanced funds to cover commissions, taking a chattel mortgage on the farm and its equipment to cover the outlay. Another out of town bank, that purchased the organization's note, took a second mortgage to protect its end of the deal.

Farmers lost war profits

TIME passed and nothing more was heard of the proposed plant. The two smooth operators had vanished. But, before the farmer had seen the last of them, they had given him a gold pen. The farmer had admired the pen when one of the men had offered it to him to sign the original papers.

The pen cost the farmer just \$20,000.

Recalling the incident today, he wishes he had heeded his wife's advice. "She had more sense," he said. "She thought we should have

had more protection than just the men's assurances. So, to please her, I asked for some sort of guarantee. I got an option on the return of my money, but even this later proved to be worthless. Hard work finally got me out of that mess—but minus the money I had put up."

A long time to recover

HE still remembers, however, the long, hard pull through the '20's when the rest of the country was celebrating its binge on the stock market. He and his wife and family were struggling, no longer to become millionaires, but just to make ends meet.

When he went into town in those days to see bank officials for an extension of his old loans, or to get additional aid, he got a solemn "No." He found his credit was exhausted at stores where he used to buy seed, staples and equipment. He avoided the courthouse where bills for unpaid taxes were gathering dust—and interest.

Estimates vary as to the millions of dollars that were lost in Iowa alone by speculators during the wildcat stock boom days of the 1918-20 period when farm foreclosures were commonplace. The president of the Iowa Bankers Association once put the sum at \$250,000,000; others set it at three times that amount. Col. Robert W. Stewart, when he was chairman of the board of Standard Oil of In-

diana, once fixed it at between \$500,000,000 and \$1,000,000,000.

Speaking before an Iowa audience he once said:

"What a pity that great expenditure was not directed properly. With the money the Iowa farmer spent out of his high profits of the first war, he could have bought control, at the then market prices of their common stock, of all the packing houses in the country. He was fleeced of enough to have given him control of the railroads that serve his state, and of the banks that govern his finances."

When the Iowa farmer got the bill for the World War I boom, he went off the deep end. Judges were dragged from their benches when they attempted to sign orders of farm foreclosures. Farmer strikes led to the picketing of stockyards, rioting marked receivers' sales.

Land prices were booming

INTERESTING from a distance of 23 years is the effect of speculative land transactions, actually affecting only a comparatively small segment of its area, on the economy of an entire state.

The first big upward movement in Iowa land prices was reported in 1915, when earnings, boosted by the war in Europe, sent the average value per acre up from \$96 to \$134—as represented in land transfers.

In 1916 came a minor jump, up \$19 to \$153; in 1917 an average increase of only \$3 an acre was registered.

In 1918 and 1919, each, a boost of \$18 marked land transactions, and then, in 1920 they jumped \$63 to an average of \$255.

From the degree of excitement that prevailed during the spring and summer of 1919, one might have concluded that nearly all the farms in Iowa were changing hands. But the best information, acquired from real estate men, bankers and other informed persons, was that the total was not more than ten per cent, if that much.

Many of the farms were sold again and again. Some changed hands so frequently that large numbers of the transfers were not recorded. One buyer would sell his "bargain" to another, take his cash and get out.

As in most booms, the splash of speculation spotted the map. In some counties

(Continued on page 72)



Though he may be a free spender, the Iowa farmer is paying his debts and saving

When the G-Man Comes Calling

By JERRY KLUTTZ

THE postwar revival of trust-busting by the Administration will bring many a business man face-to-face with one of our best public servants whom he has known only through the press, radio, and movies—the agent of the Federal Bureau of Investigation.

Antitrust activity was virtually suspended during the war so that the business world could concentrate on more and more production to insure victory. But it's another story now. Cases studied two to eight years ago are being dusted off and brought up to date, and new cases are being considered daily.

At present, the FBI is under instructions to investigate 109 different cases of possible violations of the antitrust laws. This number is certain to grow rapidly within the next several months—perhaps to the most extensive and far-reaching trust-busting drive in our history.

So, it's entirely conceivable that the next caller to be announced by the secretary to the head of an industry, trade association, or union may be an agent of the FBI. If it is, this is what will take place if the agent follows the clear-cut and precise instructions laid down by his director, John Edgar Hoover:

The agent will either appear alone or with another agent, or agents. To keep its investigations free and impartial, the FBI has a cardinal rule that its agents must not investigate in collaboration with any other federal officials or employees.

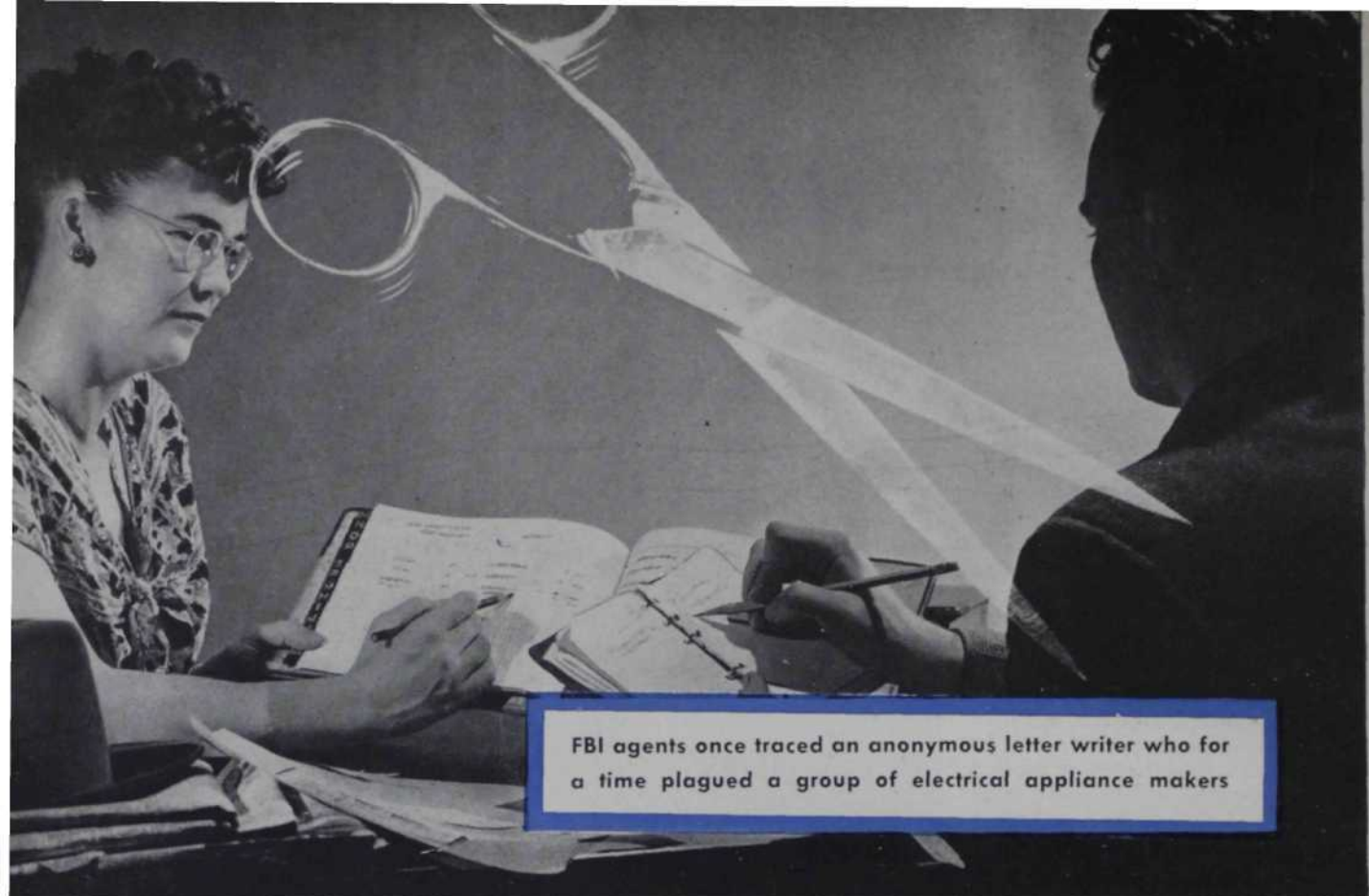
The agent must be discreet and businesslike. His training emphasizes that the public at large often associates him with tracking down kidnapers, bank robbers, and gangsters. Therefore, in working

REMEMBER that J. Edgar Hoover's men make up a service organization, and it is their job to find and to report the facts of a case. They're not out to prove anything

PHOTOS BY LOHR



The agent invariably will request permission to examine a firm's books. A receipt must be given for anything taken



FBI agents once traced an anonymous letter writer who for a time plagued a group of electrical appliance makers

on antitrust cases, he must not reveal his identity or mission to elevator operators, clerks, and other minor employees who might jump to the conclusion that their boss is wanted on a serious criminal charge.

The agent must go direct to the operating head of the business or its owner. He will identify himself with a card he must carry on him at all times. He must explain his mission to the business man, what he's after, and he must conduct interviews as diplomatically as he knows how. It's strictly against regulations for him to ask questions about the concern and its policies that aren't germane to his mission.

The company head will see in the agent a clean-cut and well trained young man. The agent is either a lawyer, an accountant, or both. He's a member of no special trust-busting staff. FBI agents must be prepared to investigate any charge of violating any federal statute.

In antitrust cases, the agent will invariably seek permission of the business man to examine his books, correspondence, contracts, minutes of the board, notes of sales meetings, and the like.

The business man has the right to consult his attorney, if he wishes, before he answers and the

agent will be the first to tell the business man of his rights if he asks. The business man may refuse to answer a single question or to allow the agent to see a single official paper. But, if he refuses to open up his books voluntarily, the agent must frankly inform him that it's his duty to report the matter to the Antitrust Division of the Justice Department which could have a grand jury issue the subpoena. Under no condition shall the agent adopt a threatening or menacing attitude.

Many people cooperate

IN many cases business men will cooperate with FBI agents. When this happens, the agent will gather documents which he believes will bear on the case either one way or the other, but he must not take "privileged" correspondence between the concern and its lawyer no matter how incriminating it might be. He must then ask the owner for permission to take the originals with him or to make photostat copies of them.

Whichever course is agreed on, the agent must properly identify each document on the spot. He must then write his name, date, and who gave it to him on the back of each paper. Also, he must make an inventory of the papers

he will take with him, and he must give the business man a receipt for them.

The material, along with a detailed report by the agent, is sent to the Washington headquarters of the FBI. Either Director Hoover or one of his assistants will turn it over to John F. Sonnett, the Assistant Attorney General in charge of the Antitrust Division. The material will be returned to its owner after it has served its purpose. On this occasion the agent must get a receipt for it.

The FBI bears down hard on its agents to protect the records which are usually an integral part of the concern. Recently, however, Director Hoover received a complaint from a Pennsylvania union that its minute book, used many years ago in an antitrust case, hadn't been returned. After a most painstaking search, the book was found among the dusty grand jury records in the basement of a federal courthouse in that state.

With those who do not cooperate, the FBI is prepared to use all its ingenuity to obtain and identify records.

In a recent case involving a West Coast union it was fought at every turn.

However, the FBI was able to locate copies of contracts and other papers which clearly indicated

violations of antitrust laws. But defense attorneys resorted to an extraordinary step—they refused to admit that the papers, taken from union files, were those of the union.

At that point the FBI had to prove the papers were genuine, or lose the case. Its agents located a union secretary whose initials were typed on several of the most damaging documents. It was in the early evening and the agents went to the girl's home. The secretary readily admitted that she had typed the papers as a part of her work—but only temporarily.

The phone rang in the course of the interview and some one told the girl to end the interview.

The agent permitted the girl to disavow her previous statements—and even to scratch her initials from the telltale papers. If he had wanted to be tough and take the easy way out, he could have let the initials remain on the documents to confront the girl should she be called as a witness.

Instead, the agent sent the documents to the FBI Laboratory in Washington for examination. One of its identification experts linked the papers to the union at the trial when he testified that they had been written on the typewriter in the union office. In this case, 14 individuals were found guilty and fined a total of \$12,090.

At this point, it seems appropriate to explain the role of the FBI in making antitrust investigations—some of which are controversial and delicate. In the first place, it's well to keep in mind that the FBI is merely a service organization. Its job is to report the facts. That's all. The FBI initiates no investigations and it does not fix antitrust policies. Its job is to investigate only on specific orders.

The Attorney General and the Antitrust Division fix antitrust policies. The Antitrust Division must give the FBI formal and detailed orders before an investigation is launched. The orders must set forth points which the Antitrust Division hopes to prove in court. These points—or objectives—must be used by the agent to guide him in seeking information.

The procedure was instituted by Director Hoover as a precaution against "fishing expeditions."

Even though the FBI must follow instructions of the Antitrust Division, its methods of investigating are its own. For example, it was suggested to the FBI several years ago that it "swoop down" on 1,000 concerns of an industry at a "zero hour" to launch a broad-scale inquiry of that particular industry.

Director Hoover refused on the ground that it would be a "gestapo" approach.

Help for the innocent

A GOOD point for a business man to keep in mind is this—the antitrust knife cuts both ways—it can help the innocent as well as convict the guilty.

FBI investigations have cleared many concerns of suspicion of violating antitrust laws. A recent

case involved 250 southern sawmill operators. It had been alleged the owners had conspired to shut down to force up prices. An FBI investigation could find no basis for the charge. The case was dropped.

One of the most unusual cases in FBI files took place two years ago. It all started when the Federal Trade Commission issued a cease and desist order on advertisements an electrical appliance maker was using to sell an incandescent lamp. Shortly thereafter, the manufacturer started a wide advertising campaign to promote sales of another lamp.

But local merchants who advertised the second lamp began to receive anonymous letters with a copy of the FTC cease and desist order along with a note which asked in effect: "Why does a reliable merchant like yourself handle the product of such a concern as this?"

(Continued on page 78)



A trucking racket was smashed in New York when agents brought the antitrust act into use as a weapon against rackets

Clear Slums?



Planning a face-lifting for Northwest Chicago

IN THE DIM AGES when our forebears started to raise food instead of taking a chance on nature, their first job was to build a home. Some say civilization was born when primitive man discovered he could start a fire; others date it with the invention of the wheel; some have other choices. However, all agree that man's restless wandering did not end until he had what in those distant years passed for a house.

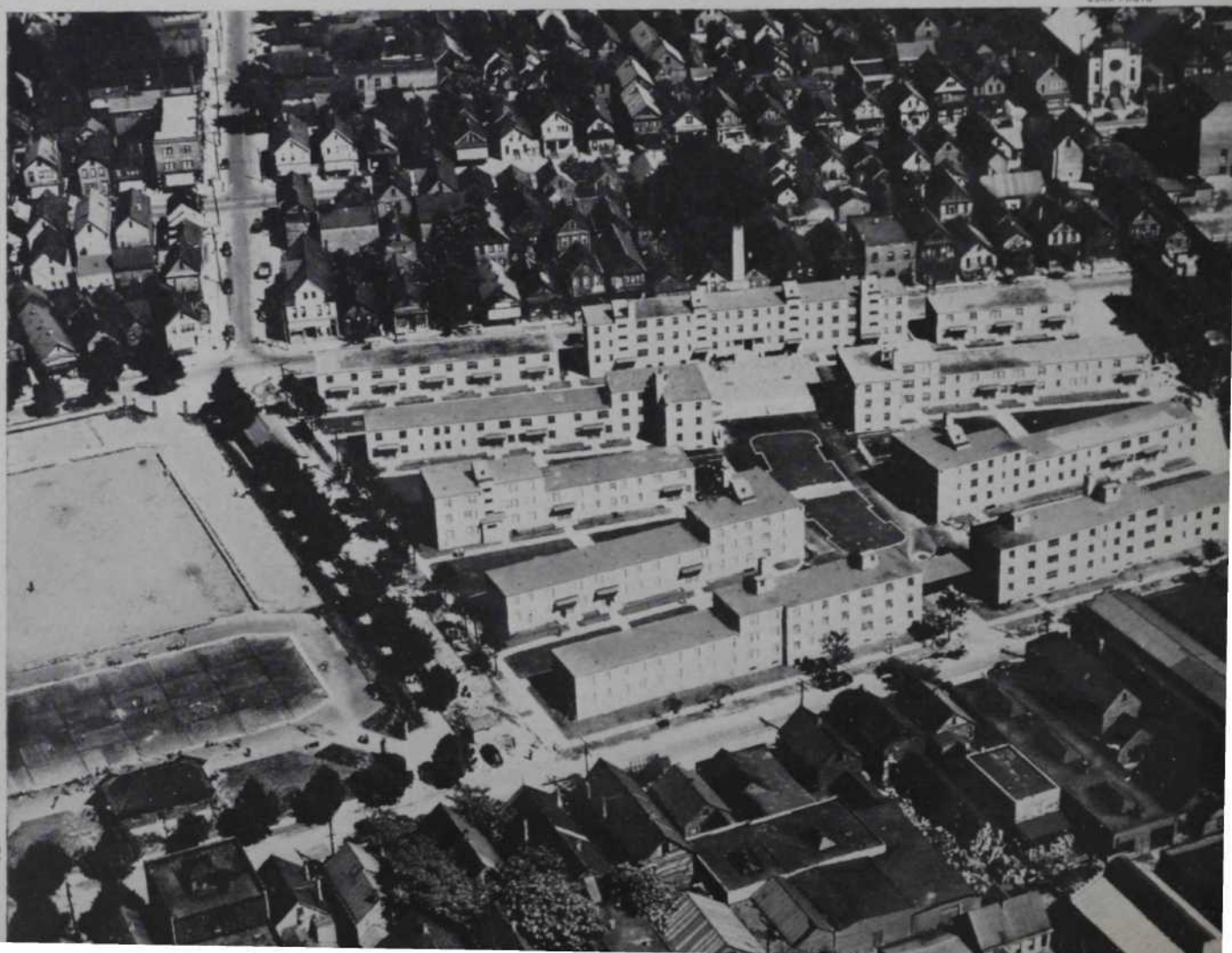
Today, methods and materials have changed but housing is still the first essential to stable life. With modern complexities and the growth of industry and cities, housing has become an economic and political, as well as a social, issue.

It ranks among the most controversial issues before the American people. It is in Congress, in every state legislature and in almost every city and rural district. Citizens add their voices to the clamor. Solutions are as many as for baby raising.

That new housing and repairs to old residences lagged in the 1930's is agreed. Housing did not keep pace with population. Before it caught up, we were in a war with the greatest industrial migration in history. War housing, though enormous, did not go beyond attempting to care for war workers and their families. Others could not be helped—restrictions on materials halted such private building—and people were permitted to live in houses that health and fire ordinances ordinarily would have condemned.

War housing was a \$7,500,000,000 job; 1,900,000

Buffalo's Housing Authority built this 173-unit project on the site of a former slum



Yes! But HOW?

By JUNIUS B. WOOD

EVERYONE agrees that cities must get rid of their blighted areas. But what's the best way? Here's a report on how several cities are attacking the problem of rebuilding

dwelling units were built or converted. Private capital built more than 1,000,000 of the units at an investment of \$5,200,000,000. More than three-fourths of the war housing structures were temporary—not including 35,000 trailers.

Populations in the already overcrowded cities are still increasing. The overseas army has become an army of home-hunters. Marriage bureaus are busy. The nation faces peace with a 1945 population and a 1931 supply of homes.

The controversy now centers on how the crisis should be met. Those who view the program from the social angle want government—national, state and local—to go deeper into the real estate and rental business. The local politician finds public

housing helpful for patronage and votes. On the other hand, the private investor and builder must meet government-subsidized competition and the taxpayer wonders how much longer he can carry the load.

In most localities public housing is a joint undertaking of three governments. When the federal Government does the financing, it has the final say in local administration. Congress intended that the national treasury would be an investor but, like a bank which discovers it owns a farm or store from lending not wisely but too well, the practical result, in some states is that the Washington sugar daddy is the actual landlord.

Enabling legislation by a state is the first step toward federal financing. Next, a public housing commission is set up in the city or rural district. Plans for the new projects are then submitted to the Federal Public Housing Authority with a request for a loan.

In a year after FPHA announced in 1944 that it would resume receiving applications, 335 cities and

New York City's Stuyvesant Town, a community of apartments, is being financed by private capital

THOMAS AIRVIEWS





Back before 1940, this heavily populated slum area blighted Louisville's East End district

282 counties responded with plans for 500,000 housing units costing \$2,300,000,000. The number is much larger today.

FPHA guarantees up to 90 per cent of the development cost and takes over supervision of that part of the city's government. Washington has an \$800,000,000 revolving fund for the purpose. The local authority must raise the remaining ten per cent and is urged to cover as much of the 90 per cent as possible. Several cities have raised the entire development cost. Long-term, tax-exempt bonds—60 years is the maximum—at 2½ or three per cent are issued.

In addition, the federal Government guarantees four fifths of any deficit in the operating expenses of the building project for 45 years. That subsidy is limited to \$28,000,000 in a year, a possible, though highly improbable, federal liability of more than \$1,000,000,000.

Since housing projects are tax-exempt in most states, a project pays what are known as "service charges," five or ten per cent of rentals, exclusive of charges for utilities.

While the service charge may be double what the city collected on the same ground when it was a slum or tax delinquent, it also may be only one fifth of city taxes on similar improved property. Ohio courts knocked out the tax exemption and the federal Government assumed ownership, paying neither taxes nor service charges.

Operating expenses—administration, depreciation and debt service—are met by rentals and by federal and local contributions. A breakdown by FPHA shows the average maintenance expense of a living unit—apartment or house—was \$31.81 a month. Rents met 60 per cent of it; local contributions, 17 per cent, and federal contributions, 23 per cent.

The survey was made during wartime high wages and overtime. When a family's earnings decrease, rent is reduced, which means the local and federal

governments pay more. As rents meet only 60 per cent of a project's operating expenses, it also is evident that rentals are not fixed on the value of the living quarters.

With some variations between cities, rents are fixed by the size of a family and its earnings. The average apartment has a living room, two bedrooms, kitchen and bath. Some have five bedrooms. The size does not affect the rent. Such a bonus on babies brings results. Newark, N. J., reports that births among women between 15 and 40 years of age are 118.5 per 1,000 in its public housing, compared to 86.3 in other parts of the city. After an apartment is tailored to a family, the rent is fixed at roughly one-fifth the family earnings, one-sixth if there are three or more children under 18. Wages are to be checked each year and rents changed accordingly.

Private builders without government subsidies, tax-exempt securities and low interest rates, even though they are not as wasteful as a government, seldom can build for less than \$40 a month rent per living unit and, in larger cities, \$60. Public housing, in theory, cares only for families whose wages cannot meet such rents.

Slum families moved out

ACTUALLY, however, it also houses others who are not entitled to cut rates. Some families in housing projects are paying \$65 and more which, by housing computations, puts them in the \$3,500 to \$5,000 wage class. At the other extreme, other families continue living in slums which were to be razed when the housing was completed. If housing regulations were enforced, the \$3,500 incomes would be evicted and the slum families moved in.

The first public housing project in this country was completed by the Public Works Administration in Atlanta in 1936. The Georgia capital now has eight projects, comprising 4,996 housing units for



FPHA PHOTO

Louisville removed the slum and built this 786 unit housing project at a cost of \$2920 per unit

16,880 persons. Supposedly only those with family incomes between \$660 and \$2,370 a year are eligible for this housing, but surveys by critics of public housing show that families earning \$13,000 a year have dug in. At the same time, few of the poor families evicted from the slums for the new projects have been cared for.

The official explanation is that, because of the housing shortage, no other quarters can be found. Some prefer to believe that well-to-do beneficiaries of public housing have political pull and that owners of slum shanties evade enforcement of city building ordinances by the same methods.

Every state legislature has taken a swing at public housing laws. The Urban Land Institute classifies them by types, as:

1. Authorizing private capital to conduct slum clearance and housing.
2. Enlarging the powers of local housing authorities under FPHA.
3. Creating redevelopment agencies controlled solely by local governments.

Some tax abatement with limitation on profits and rentals are usual features of the No. 1 laws to attract corporations. In some states the corporation has the right of eminent domain. In New York, the state assembles the land for the corporation. Stuyvesant Town in New York City, the largest project started, is financed by the Metropolitan Life Insurance Company. Due to high land values, it will be in the form of 13 story buildings with monthly apartment rentals on a \$14 a room basis. It will not provide school, library, churches or similar community facilities and the population density will be 445 per acre. The Urban Institute doubts whether such housing contributes to a balanced neighborhood.

The Institute is not completely sold either on the second type of laws though the latter are endorsed

by the National Public Housing Conference, AFL and CIO. Its objections are that FPHA control encroaches on local government, that a government is set up independent of the electorate, and that emphasis is on low cost housing rather than on city redevelopment.

The third type, enacted in a dozen states, puts redevelopment agencies under local governments. As public agents, they can condemn land, issue bonds, clear blighted areas and sell or lease holdings to individuals, corporations, other public bodies or housing authorities. They can zone the land for industry, commerce or transportation; parks, playgrounds or public buildings; housing or whatever best fits into comprehensive city development.

Civic redevelopment

CHICAGO and Indianapolis are two good examples of city redevelopment. What Chicago is doing is worth looking into because Chicago faces all the problems almost any city is up against. The Indianapolis program is unique in that it is being carried out entirely on a pay-as-you-go basis.

Local experts report that in Chicago's 214 square miles and 3,500,000 population, 22.6 square miles and 400,000 persons are in blighted areas. The national average is much larger. Against this, Chicago has 19 square miles of vacant land.

As in other cities, Chicago's slums are mostly a broad belt around the business center.

The city's first three public housing projects were completed by the Public Works Administration in 1938. The Chicago Housing Authority, under FPHA and its members named by the mayor, now operates these and eight other projects, one owned outright by the Government. They vary from two-story row houses to four-story walk-ups. One is not for low income families—a flat \$45 a month rent for a five-room apartment—and pays local taxes.

(Continued on page 68)

The Doctor's Raising Smell

By ROBERT M. HENRY

WOULD you like to catch bass? Or chase deer from your orchard without harming them? Or sell fire insurance, straw hats or chili?

If so, you would be interested in Room 305 of the Oklahoma University pharmacy building, labeled "Odor Research," and Room 306, labeled "Ralph Bienfang, Professor of Pharmacy." With little effort, you find the two are connected by an inner door.

You also find that odor research demands much more of Dr. Bienfang than smelling flowers like Ferdinand the Bull. For instance, when he developed his M-C Sure Shot Bass Dope to help a couple of faculty fishermen, he admits he was forced to think like a fish. A difficult process in itself.

"That's the way I work on odors of that type," he explains. "I think like a fish or deer or coyote and go on from there."

A bass, he decided, would prefer bug juice, specifically caterpillar juice. It seems as a boy in Wisconsin, Dr. Bienfang became acquainted with caterpillar juice and was impressed, which is understandable. In his laboratory, he reproduced the odor, adding green coloring and enough other ingredients to make it sticky.

Odors of all types

M-C SURE SHOT Bass Dope is just one phase of the work in Room 305. The doctor has developed everything from smells attracting humans and repelling deer to a wick-type odorizer that neutralizes all odors.

This off-hour "interest," as he calls it, has made Dr. Bienfang one of the world's foremost smell experts. It was cause for his acquiring more than 400 different bottled odors.

Open all the bottles and you have a nightmare in smell, but used selectively and in proper combination, they produce such things as Deer Repellent No. 3.

This particular odor was created at the request of the Government and several state departments of agriculture as well as fruit growers and ranchers.



Overnight, a few deer can do thousands of dollars' worth of damage to farm and ranch products. Since the animal is protected by game laws, all growers could do, until now, was shout.

Dr. Bienfang concluded the thing a deer would avoid most would be man. In his odor lab, he produced something that contained the perspiration smell of a gymnasium plus a few other traces of man's existence.

He sent several ounces to agriculture department officials in Virginia and Maine. The Virginians reported, "It works," and asked for more. The Maine experts wanted a gallon. Dr. Bienfang is now making final tests on Deer Repellent No. 3.

Developing odors has occupied Dr. Bienfang's out-of-class time for many years. "I can't really pin down when this interest began," he says. "I suppose I've had it all my life."

In 1936, however, he put the final harness on odor in his own mind by developing the "Odor Curve," a means of plotting a smell on graph paper according to its strength, tone, clarity, persistency and esthetic effect.

With smell definitely in hand, he was partially prepared for the hundreds of requests that started flooding his office in 1941, after his appearance on the radio program, Hobby Lobby.

A majority of them were answerable. A fire insurance company wanted an ink that gave off the odor of a burning house for use in advertising blotters. A straw hat company thought the scent of new mown hay wafting from its sales room would attract attention. And a West Coast restaurateur wanted a sizzling steak smell.

Oddly enough, a newspaper report of this steak odor, which Dr. Bienfang has not had time to perfect, is accountable for the most recent demands placed on the smell lab. They include an order from one of the country's largest ink producers. It wants its fountain pen ink to have an odor that is not floral, not fruity, but pleasant and distinctive. "That," admits Dr. Bienfang, "is going to be tough to fill."

It is only natural that such research should attract peculiar business offers.

Two easterners inquired if it would be possible to scent plastic figures. The answer was "Yes." Later they wrote Dr. Bienfang for a release on his part of the idea, saying if they could get such a release the doctor would be able to realize his dream of a fragrant world and they would be able to realize their dream of making money.

The professor shelved the matter in favor of work on a coyote repellent for a Montana rancher.

China's Job Begins at Home

By HERBERT M. BRATTER

NOT LONG AGO an old China hand referring to reports he had read that more American money could be expected for the Chinese wrote me from abroad:

"Should this be confirmed, I do hope your people will be wise enough, after past experience, to insist on American control of the use of the money."

Our past experience has not been good.

Despite heartbreaking Burma Road graft and hijacking, we put \$1,500,000,000 worth of lend-lease supplies into China. When we got through, we found we owed China 150,000,000 American dollars for goods and services she had provided at an extortionate rate of exchange. And we paid.

In the course of the war, Con-

gress lent China an additional \$500,000,000, interest-free. This "loan" accomplished none of its stated purposes. Nearly half of it was used by China's Government largely for sales of American gold to the Chinese public at bargain prices, giving highly placed individuals the opportunity to make fortunes.

Our \$800,000,000 to \$900,000,000 postwar surplus property agreement with China provided that China should "utilize to the greatest extent possible established commercial distribution channels for the resale of such property and that United States distributors established in China should have an equal opportunity to bid for and obtain such property." This agreement has been ignored. So we find

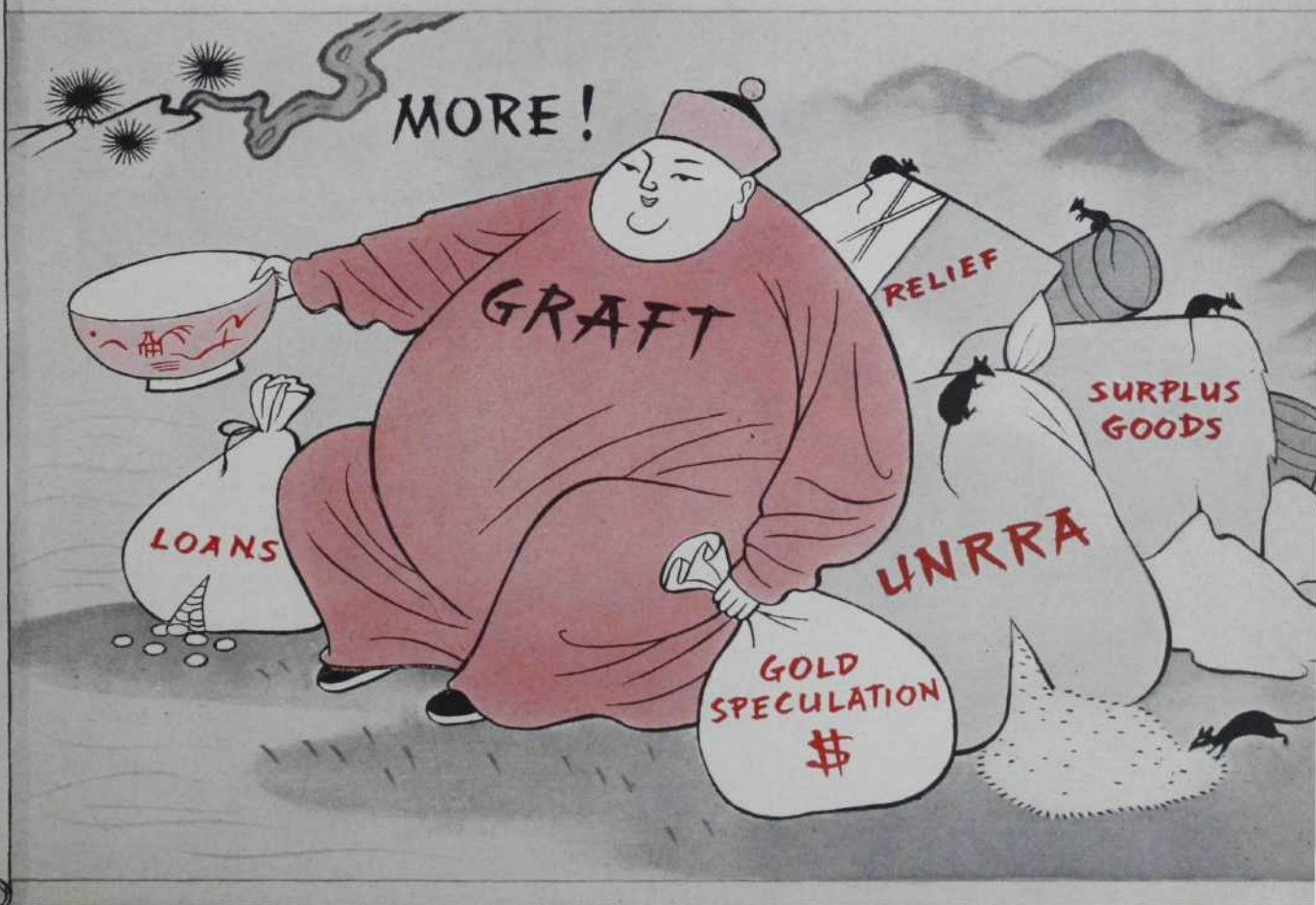
the Chinese reaping rich profits on U. S. surplus property they sell to American business men.

The history of UNRRA, too, is replete with wholesale instances of misuse of our money for private Chinese gain.

Chiang Kai-shek himself says: "Honesty is regarded as pedantic and self-respect as backward . . . trickery has spread from business circles to the community as a whole. Officials and gentry, in seeking gratification of their selfish purposes, resort to manipulation and all other ill practices in total disregard of the country as well as of the people."

On another occasion the United Press reported from Nanking:

"In a bitter 40-minute speech, Chiang Kai-shek berated Kuomin-



tang leaders for 'low morale and corruption' within the party . . . Chiang was quoted as saying that, after 20 years of his leadership, he saw only 'chaos all around me.' Then he added, 'I have failed Sun Yat-sen' (founder of the Chinese Republic)."

Lieut. Gen. Albert A. Wedemeyer headed a fact-finding mission to China this past summer. His report, which has been turned over to Secretary of State Marshall "for evaluation," has been called one of the best-kept government secrets in years. The talk in Washington is that it will probably be kept secret.

On the eve of General Wedemeyer's return to America, he made a farewell statement to the Chinese in which he criticized the inefficiency and corruption in their Government.

Mingled politics and business

IT has long been recognized in the United States that high public office and close ties with business do not mix for the public good. No Cabinet officer, for instance, could possibly retain the presidency or board membership of a private corporation in this country.

In China, however, such matters are of personal concern. Thus we find Madame Chiang Kai-shek's brothers and sisters and their friends and relatives heading a "cast of influential characters" who have official connections in

government and business circles.

American-educated, Madame Chiang is known to millions here through her wartime visits to the White House and the opportunity given her to appeal personally to a joint session of Congress for aid. Her maiden name was Soong. Members of her immediate family are high in Nanking's hierarchy.

Influential trading companies

TO understand the situation in China, it is necessary to know something about the interlocking relationships of private corporations and government.

Private Chinese trading companies, most of them formed since the war, include:

Fu Chung Corporation (China) Ltd., and its American affiliate;

Yangtze Development Corporation, also with a New York trading affiliate; and

Goldmont Corporation.

These are private "family companies," controlled by the Soongs and the Kungs. (See the box on page 56.) They act as representatives in China of many American export companies.

These new Chinese corporations have already acquired many agencies for long-established American products.

The Chinese trading corporations have the inside track, particularly the Fu Chung Corporation.

Chairman of the Fu Chung Corporation is H. H. Kung.

Managing director of the Fu Chung Corporation is T. L. Soong.

A director of the Fu Chung Corporation is Hsi Te-mou, T. L. Soong's father-in-law.

Vice president of the Fu Chung Corporation is Stanley Shen. Stanley Shen is connected by family ties to Capt. Moon P. Chin, who operates the government airline in China—the Central Air Transport Corporation.

Capt. Moon Chin is a brother-in-law of the present Madame Tsuyee Pei. And Tsuyee Pei is Stanley Shen's father-in-law.

The Fu Chung Corporation, the private concern, is purchasing agent for the Government's Central Air Transport Corp.

In 1946, when Uncle Sam sold surplus aircraft to CATC, the Fu Chung Corporation guaranteed payment. Since the Fu Chung Corporation represented the government company, its vice president, Stanley Shen, had a diplomatic passport when he came to the United States to look for agencies for American products. His fellow business directors, H. H. Kung and T. L. Soong, and other members of the two families, also travel on diplomatic passports.

T. V. Soong, a director of the China Development Finance Corp., is Madame Chiang Kai-shek's brother. Former premier of China, he has also been minister of finance,



minister of foreign affairs, chairman of the Supreme Economic Council, and acting chairman of the four government banks. He has recently been made governor of Kwangtung Province, one of the richest in China.

Insiders are favored

ACCORDING to the Nanking *Central Daily News*, firms controlled by high officials obtained—at the officially controlled and, therefore, extremely cheap rate—nearly \$3,350,000 in precious U. S. dollars. Part of this money they sold to other Chinese business men at the much higher open-market rate, reflecting the rampant inflation, and the remainder they used to import items banned by China's import control regulations.

In the administration of the import regulations, the insiders are favored. In allotting quotas, for instance, the Chinese import control board calls for data on the applicant's prewar volume of business but, in special cases, has ignored that period and has taken 1946 as the "previously representative period."

By delaying action on applications for import permits and foreign-exchange licenses, Chinese authorities have made it difficult for American firms to bring goods into China. But Chinese firms with dollar balances have imported freely, sometimes through official

agencies. While authorized tire representatives, for example, were having trouble getting permission to import tires, Chinese Government agencies brought in 3,400 tires on a single ship. This is state trading.

Likewise steel, which Americans could not get permission to bring into China, came in for the account of the Chinese Government's Universal Trading Corporation.

One American firm which had sold a large amount of piling reported that its Chinese customers could not get import permits; yet, at that very moment, the Chinese Supply Commission in Washington was actively soliciting piling. The Commission and the official Universal Trading Corporation have steadily imported huge quantities of restricted and even forbidden articles—consigned to Chinese firms—while American firms have waited in vain for approval of their import licenses. The more fortunate have thus imported autos, refrigerators, radios, phonographs, paper, tires, metal products, pharmaceuticals and chemicals.

On the surplus property deal, China got the boodle, the American taxpayer the bill.

The first batch of ships we disposed of to China—valued for disposal purposes at \$3,000,000—was handed over without our even getting an official receipt.

Later, 18 tankers were turned

over, the first four being delivered before the contract was signed. Then, while the Chinese held the four tankers as a pawn, our officials tried to get them to sign a contract for all 18—and finally succeeded only after writing down their value by almost \$200,000 each. That's only part of the story:

Before the sale of these tankers to China, The Texas Company (China) Ltd. had bid \$350,000 each for two of them. After we sold the 18 tankers to China, the Chinese offered some of them to The Texas Company at \$400,000 each.

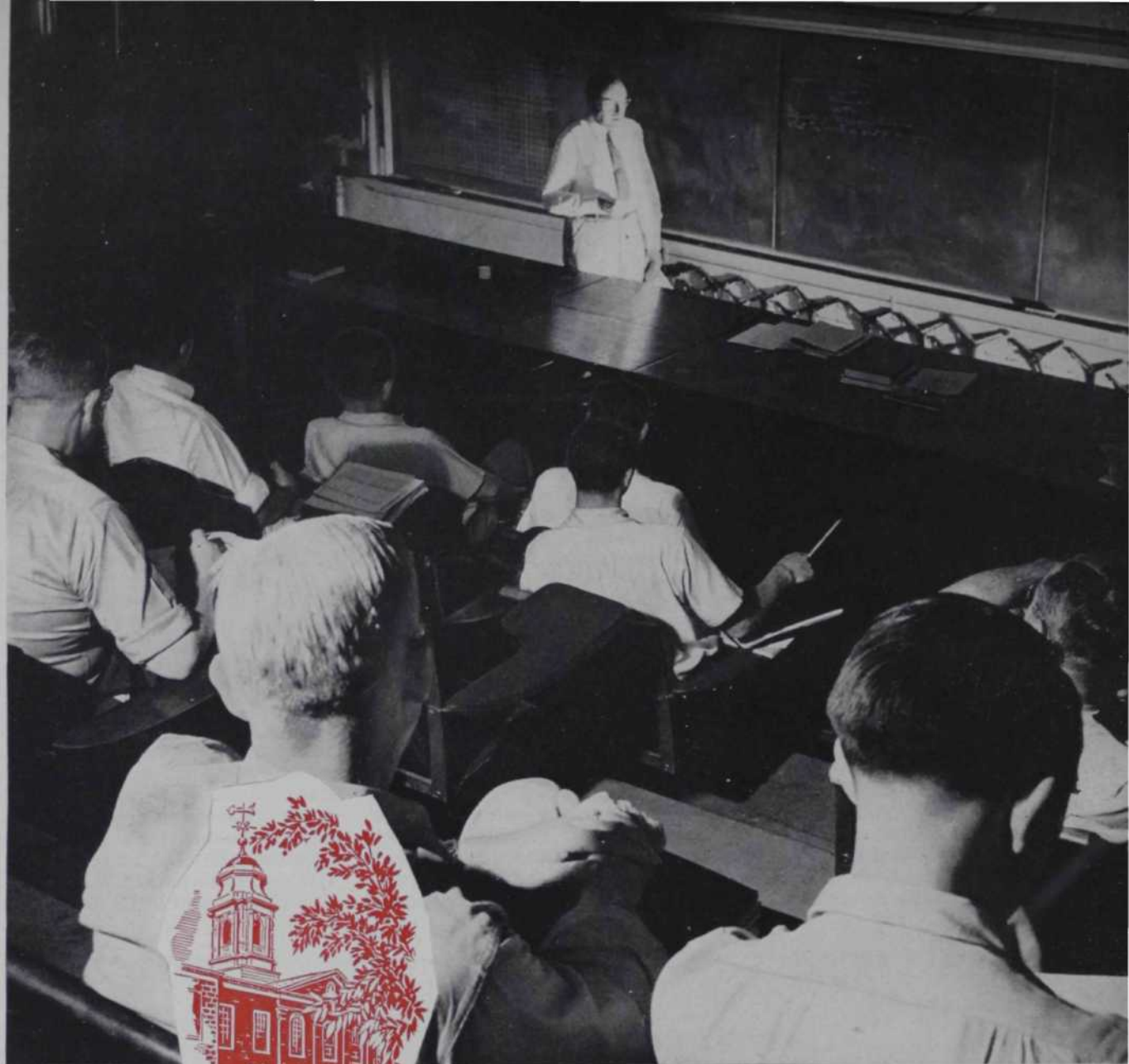
The tanker deal enabled the Chinese Government to prohibit by law old-established U. S. oil firms from continuing in the up-river oil distribution business in China. U. S. ships had to be registered under the Chinese flag if they were to continue in this trade.

Here is another case: In keeping with congressional policy, we had sold some surplus drum steel in Shanghai to two U. S. firms, The Texas Company and the Standard Oil Company for \$95,000. Half of the money had already been paid.

Then the Chinese decided they wanted the steel. So they got the contract canceled and bought the steel themselves for \$57,000. Nor is that all. Later we reduced the price to the Chinese to only \$19,000. The Chinese then sold the steel on the open market at a fat profit.

Through the press, the American
(Continued on page 56)





Students range from presidents to junior executives



HERE'S a school where a man gets only one chance to make the grade. Failure to pass the final examinations could cost him his job at home and hurt his professional standing



Honor goes to him whose thesis "makes the library"

NATION'S BUSINESS for December, 1947

Joe Banker Goes to College

By C. LESTER WALKER

TWO vice presidents of two big-city banks were discussing a colleague.

"Townsend over at Second National is looking awfully grim and worried lately. What is it—ulcers?"

"No," answered the other, "worse. His boss just picked him to go to that banking school."

"That banking school" is the American Bankers Association Graduate School of Banking, at Rutgers University in New Brunswick, N. J., an institution widely known in banking circles.

The institution is also known—unofficially—as the "Groton of the banking world." Someone once said it was a kind of upper-crust banking academy, and pointed to the principal prerequisite for entrance: A student must be a bank officer, or equivalent in rank. None less qualified may enroll.

This year, among the "undergraduates," were 13 bank presidents, 86 vice presidents, 93 assistant vice presidents, and un-

counted numbers of treasurers, examiners, and first and assistant cashiers.

"A student body," as one faculty member remarked, "which undoubtedly handles more money in its extra-curricular life than any other group of undergraduates in the world."

When a banker is chosen to attend the Graduate School of Banking, for the betterment of himself and his bank, he is not always a happy man. The school has a name, among its other reputations, for being tough on its students. Hence, it has also been called (again unofficially) The Post Graduate School of Hard Knocks, and even, on occasion, That Place where They Give Bankers the Works. So the bank officer who is chosen to go to *this* school accepts the honor with some misgivings.

Isn't it true that this banking school has flunked people? Yes—it is quite true!

The new student, if he is the average age of this school's enrollment, will be 40 next birthday, getting bald, expanding too fast in the middle, and *totally* out of the habit of studying. He hasn't read a school book for 18 or 20 years. He became a student after the president of his bank called him into his private office one day and announced:

"Townsend . . . great honor . . . want you to go to that banking school . . . bank paying all your expenses. Wonderful opportunity. Sometime this June."

Having packed his bag, said goodbye to his family, and arrived on the Rutgers campus an unaccustomed student finds 900 others like himself—all bankers. They face two weeks of school work that will be the toughest weeks they have put in for a long time. Equally hard will be the correspondence course which begins in August following the summer session. These home assignments continue until



BOB LEAVITT—PIX

Life is a grind that runs from early morning to night



Instructors and classmen often join in bull sessions

the next June when the students return to the campus for another two-week period. Then come more extension problems and the thesis—the toughest nut of all to crack—which must be submitted by the following May.

While on the GSB campus the student lives a Spartan life. The daily schedule calls for classes to begin at the unbankerish hour of 8:30 and some are held as late as 9:30 at night. There are 40 hours of class work during the week.

The banker-students elect a "major," like students in any other college or university. The most popular is Commercial Banking, although three others are offered: Investments, Savings Management & Real Estate Financing, and Trusts.

The subject of Commercial Banking covers everything from the general layout of an accounting system to the administrative problems in the conduct of audits and examinations.

The banker-students also are required to study problems involving the U. S. banking structure as a whole and to attend each afternoon a lecture course on "Economics—The Current Economic Scene." Some of the topics included in this year's course were: "Foreign Affairs and Henry Wallace," "The Taft-Hartley Labor Act," "The British Financial Situation Today."

At these lectures three speakers often have the platform at one time. A red-hot running word fight may develop, with the arguers prominent world figures or members of the school faculty.

The faculty from which many of the speakers are drawn is said to

be the highest paid summer session teaching group in the country. It is undoubtedly the only faculty that takes for granted it will be constantly contradicted in the classroom.

"No—you can't do that!" is apt to boom from the back of the room. "It won't work that way."

So the professor pauses and eyes the objector. Like as not he is the president and owner of five banks.

"How many \$100,000,000 banks here?"

Maybe 20 hands will show.

"How many say it can be done that way?"

Maybe 18 hands will go up again.

"The gentleman is outvoted. But we will let him have his say later."

Learning from others

MOST alumni when asked what feature of the two weeks' summer session was most valuable, are likely to say it was their contact with other bankers. One East Coast banker put it very succinctly when he said:

"In those two weeks I learned how the other half banks," he said.

That particular learning process, it seems, works both ways. The banker from a metropolitan area learns how his rural colleague goes about making a loan on five cows; the small-town banker learns how his big-city brother operates where billions of dollars may be involved.

For instance, a Chase National Bank of New York man was pulling off his undershirt in the gymnasium one afternoon when another man, a proud gleam in his eye, remarked, "I don't know where you're from, but I'm from Texas. I

just had a telephone call. We got \$1,000,000 (bank I'm president of) in deposits today."

The Chase man could see that the next question was going to lead to embarrassment. He tried to change the subject.

"Certainly is awful hot here, isn't it?"

But the question came.

"How big deposits your bank have?"

"I s'pose it may cool tomorrow, but you can't tell. Now . . ."

"Your bank got more than \$1,000,000 maybe?"

"Yes, more than \$1,000,000," admitted the Chase man deprecatively.

"How much?" the Texan persisted.

So, being cornered, the Chase man told him.

"Well, last Friday at the close of business: \$3,500,000,000."

"Three and a half billion?" The man looked as if he obviously didn't believe it. "What's your daily deposit fluctuation?"

"Mmm—\$50,000,000 sometimes."

"You a department head? How many people?"

"Hundred and fifty, roughly."

There was a rather long silence.

"My gosh, excuse me! Our whole bank has only ten people."

After the two weeks on campus, with its grueling schedule and June heat, the banker-students go home to await the extension problems which are a required part of the work. Its reputation for toughness is such that a national financial paper recently asserted:

"Every man who goes through this grind virtually takes a leave of absence of his family and friends."

(Continued on page 74)



Students meet informally in the office of Dr. Harold Stonier, director of the school, seated on the right



Mealtime frequently becomes an occasion for review of class work as well as topics of current interest

Trouble Comes Looking for Him

By CARLISLE BARGERON

WHEN President Truman appointed Robert N. Denham, a 62 year old trial examiner for the National Labor Relations Board, to be its general counsel under the new Taft-Hartley Act, he told him, in effect: "Next to mine, you've got the hardest job in the country."

Although the President has been reported as unfriendly to the Act, which was passed over his veto, he impressed upon Denham the need for making it work.

Under the Act, the general counsel is the most important figure in its administration. He is not subordinate to the Board. He functions separately. It is for him to say whether either a management or labor complaint shall come before the Board. In matters of representation only, the union may appeal to the Board but recognition as the collective bargaining unit means little unless Denham will handle the complaint. In this setup, Denham has taken over the field staff of NLRB and all employees in the central office except the lawyers and clerks immediately attached to the Board.

The reorganization of NLRB setup, separating its judicial and prosecuting functions and bringing the general counsel to the top, is what Senator Taft considers the most important accomplishment of the new Act. While the legislation was under debate, he frequently told those seeking more punitive legislation against labor, that this reorganization, with the proper administration, carried the best assurance that the employer

would get a square deal. It was obvious that Taft, with the Senate powers of confirmation over new appointees, was prepared to have a say in the selection of these new nominees.

But he had no candidates and Denham was unknown to him. Denham's name was suggested to the President by the hold-over

niere. He laughs readily and is slow to anger.

Early in his career as an NLRB trial examiner, he was hearing a case in Philadelphia. The company was charged with unfair labor practices in the period when industry generally was resisting the spread of unionism which the Wagner Act was promoting. En-

members of the board, not necessarily enthusiastically, but perhaps more because they preferred a man with some nine years' service with the Board to an untried newcomer.

Denham is at present serving an interim appointment until the Senate passes on him. At its last session, the Senate Labor Committee recommended him for confirmation by a vote of 12 to 0. Since then some labor leaders have bitterly attacked him, apparently as the symbol of the new Act which they oppose.

One of these leaders, pressed as to what he had against Denham, replied: "He's unpredictable. Sometimes he sides with labor. Sometimes he sides with management."

Denham is a rangy man, well over six feet, hunched up at the shoulders, with blue eyes and iron gray hair. He has attenuated and sensitive hands. A chain smoker, he is constantly waving a cigarette holder held in the tips of his fingers. His wife carries a spare holder for him. He slides down in his chair and crosses his gangling legs as he talks to you. He is a gifted storyteller. Invariably he wears double-breasted blue suits with soft white shirts, and a rose bouton-



ROBERT N. DENHAM has the tough task of administering the Taft-Hartley Act. He brings with him a colorful record of ups and downs—and fairness

gaged on the side of management was an outstanding Philadelphia lawyer.

He was contentious from the outset, charging Denham with unfairness and prejudice at every turn. As the hearing proceeded he reached the borderline of insult. Denham calmly stopped him and warned that he was walking a mighty thin line and that if he stepped over it, his clients would have to produce another lawyer.

Subsequently, in recess when the two were talking sociably, the lawyer told Denham that he had nothing against him but that he was being paid \$5,000 a week to muddy up the hearing. Denham laughed and said he knew what was happening but he was being paid \$5,000 a year to see that the hearing wasn't muddled. The two became good friends, and the Circuit Court of Appeals later upheld Denham's conduct of the case.

Worked through college

ROBERT Denham was born in St. Louis. As a youth he served as a journeyman machinist with a union card to help pay his way through the University of Missouri and later to get his master's degree at the University of Michigan.

At the University of Missouri, Denham was a classmate of, and boarded at the same place as, Forrest C. Donnell, now a United States senator from Missouri. Charlie Ross, now President Truman's secretary, was a teacher of journalism at the University of Missouri at the time Denham was there, and Denham knew him casually.

After getting his master's degree, Denham entered the St. Louis law firm of Bishop and Cobbs. His health failing, he went off to Texas to work as a cowpuncher. Shortly after his arrival in Gaines County, northwest Texas, he was elected county attorney.

Then he migrated to Washington State to enter private law practice. World War I caught him there and he became boss of a crew of lumberjacks in the Pacific Northwest cutting spruce for airplanes. At the war's end, he became a member of the Air Service War Claims Board set up to settle and renegotiate lumber contracts.

Denham then pursued a successful legal career down through the

'20's and comfortably weathered the depression of the '30's but he had been worn down and was finished off by the recession of '38. Unlike thousands of others, he didn't become embittered.

At \$4,600 a year, which was his first salary at NLRB, together with the \$5 per diem expense allowance when on the road, he seemingly was as happy as when he had enjoyed an income ranging high in five figures as a lawyer for



banks. He likes the friendly conflict of men's minds. He thoroughly enjoyed, though low in income, the new competitive legal avenues which the Wagner Act opened up, and laughed to himself and frequently out loud about those of his associates who had communist leanings and who unfortunately held influential positions in NLRB in those days.

Few men have had a more interesting or more varied career.

His associations in NLRB he found to be about as rich as his association with the Idaho sheepherders back in the early '20's. Many banks in those days had a lot of things of dubious liquidity. The Irving Trust Co., of New York, for example, had a mortgage on some 17,000 Idaho sheep at around \$7, \$8 and \$10 a sheep. They asked Denham to go out there and look into their mortgage. He did.

He arrived in Pocatello on a snowy, wintry night. After talking around in the lobby for about two hours the next day, he learned that while there wasn't any doubt

about the legality of the mortgage, the sheep were worth about \$2 each. This being the case, some seven of the sheep-holders had completely abandoned their flocks and three more were not feeding them.

Denham employed a herder as an assistant and they set out to locate and round up the herds. Then he drew a draft for \$14,000 on Irving Trust to buy hay with which to feed the sheep. When the draft came in, his employer hit the ceiling, but was prevailed upon to honor it by the fact that Irving Trust already had some \$175,000 investment.

Denham stayed with the sheep for two and a half years. He got lambs and sold them, he got wool and sold it. The bank bailed out \$30,000 to the good, all expenses paid. Denham became a full-fledged reorganizer of enterprises in which Irving Trust was sunk.

On one occasion they found themselves with 500,000 gallons of olive oil which is not looked upon as legal tender. Denham liquidated this. Similarly, he liquidated other concerns in other parts of the country. In this work of liquidating and reorganizing, sometimes through the process of infusing new money, he took over a sugar plantation in Puerto Rico, and helped operate a cotton plantation in Mississippi.

In the fall of 1927, he became a trustee for Bankers Trust Company of New York, of a bank in Miami which had come into trouble because of the 1926-'27 boom in that state. In this capacity he cleaned up slow loans of some \$3,800,000. This led, in 1929, to his being placed in charge of the reorganization of the famous Coral Gables, Fla., real estate project. In 1931 he went with the New York municipal bonding firm of Eldredge and Co., Inc., as special counsel to advise in the resetting of the financial structure of the cities and towns in Florida, North Carolina, Texas, Arkansas, and other states where municipal bonds had been defaulted.

In 1933 he was called to Washington by the comptroller of the currency to help reorganize the closed national banks. He helped put together some 1,200 national banks. When this work was completed, he opened up a private office in Washington for a couple of

years but his experience was such as to put him in the mood to accept the offer of a Baltimore stock exchange and investment firm to manage its new Washington office. The "recession" put an end to it.

While he was mulling over his future, a friend got him a job with NLRB. Over the week end, he was given a copy of the Wagner Act and a few mimeographed statements by the Board on its policy, and a ticket to Chicago.

Back pay for strikers

THERE in March, 1938, he heard his first labor relations case, a charge of unfair labor practices against the Ritzwoller Company, manufacturer of whisky barrels. The workers had gone on strike and then had sought to go back to work. This they were denied. Denham ruled they had gone on strike because of an unfair labor practice and thus were entitled to back pay from the time they sought to return to work. This mass back pay rule became a part of NLRB's structure.

In those hectic days, Denham also heard the celebrated Newberry Lumber Company's case at Newberry, Mich. In his decision he recommended, among other things, that the company be required to rebuild a labor hall that had been wrecked in the violence which had preceded the hearings. The Board turned him down on the recommendation about the hall, but the rest of Denham's decision was upheld by the Board and the Circuit Court of Appeals which commended him on his fairness.

He decided against the employer in another famous case in which he sat, the Ford case at Dallas, Tex. In NLRB parlance this is called the Ford-Dallas case, the case to end all Ford cases. NLRB had found against Ford at Detroit, Kansas City and St. Louis and in each instance the headlines had told of brutalities on the part of so-called Ford goon squads.

At Dallas, in the hearing by Denham such a list of brutalities and terrorization on the part of a so-called goon squad was chalked up that Ford capitulated completely and signed a closed shop contract with CIO.

Thus we have Denham ruling against the employer and for labor in these celebrated cases. He says himself laughingly that they were the days in which the employer had two strikes on him, and he adds in the same vein that the employer often had two strikes coming to him.

In another case, that against the trustee for the Atlas Pipe Line Co., of Shreveport, La., in 1943, in which he called for the reinstatement with back pay of three workers, the Circuit Court of Appeals held he had been "partial," "partisan," that he had used "rash and unguarded language." To the Senate Labor Committee, which asked about this at the last session, he said he had been commended, perhaps a dozen other times.

Denham has the reputation of having dismissed more cases brought by the unions than any other trial examiner.

Whatever his philosophy in his earlier days on the Board, whether he entered into the spirit of the times or whether the evidence against the employer overwhelmed him, with the coming of the war he evinced a realism not shared by the Board itself.

With the war in progress, the Wyman Gordon Co., of Illinois, manufacturers of crankshafts for the Army, dismissed two men on the ground that while they could engage in union activity all they wanted to off duty, they could not do so on duty. Denham ruled the company was entirely right. The Board reversed him and the Circuit Court of Appeals in strong language rebuked and reversed the Board.

There was also the celebrated Kaiser case which lasted several months in '42 and '43. AFL had signed a closed shop contract with Kaiser in his Portland, Ore., yards when there were fewer than 1,000 employed. Now there were some 90,000 employed.

CIO challenged this situation, through a charge of unfair labor practice against Kaiser at Portland. It wanted the right to organize these workers. Approximately \$3,000,000 a year in dues was involved.

Here was a "stabilized situation" set up at the instance of President Roosevelt. To have thrown the yards open would have created chaos. It was a fact that 75 per cent of the workers, newcomers to shipbuilding, recruited from the farms and lumber camps, from the South and Middle West, making from \$85 to \$150 a week, kids in some instances 16 years old, were not union-minded and had not been given the opportunity to "select their bargaining agency." But they had no complaints and they were but a part of the "stabilization" imposed upon millions of workers, at high wages, throughout the country.

NLRB sided with CIO and long

hearings were held against Kaiser in Portland. Denham as trial examiner obviously could not stomach the potentialities. He went behind the hearings and out into the yards to learn at firsthand. He saw an orderly, highly productive employer-employee setup.

Delayed work disruption

HOPING something could be accomplished to avoid disruption of critical war work, he allowed the contending parties to continue their presentations, and to the displeasure of the Board, the hearing went on for months. He even sought to bring about an agreement among the warring factions and in doing so was rebuked by the Board in Washington. Finally he threw out the body of the case containing charges that Kaiser was guilty of unfair labor practices. A technicality was left. What he intended to do with this is not known, because Congress intervened and, with a rider attached to the NLRB appropriation bill, pulled the agency out of the case.

Denham's former wife, by whom he has a grown daughter, died. He is now married to a beautiful woman more than 20 years his junior, and they have two children.

His young wife is perhaps more "labor"-minded than he. Her father, who lives with them in his retirement, was a highly skilled Scottish blacksmith who worked in the Clyde shipyards, and subsequently for Todd in this country. He is an old trade unionist.

Nevertheless, after she came to this country in her teens, she attended a business school in New York and, at 21, was a junior executive with Irving Trust. She also held responsible positions with other business enterprises before she married Denham.

When he was still working for NLRB, she went to work for the United States Employment Service. There she became active in the organization of the CIO United Public Workers, which turned out to be dominated by leftists. She tired of it as well as USES, and now laughs about her activities in behalf of UPW.

Denham still has a tremendous zest for life. He is proud of his ability to mix a dry Martini. He likes to play badminton in the backyard of his Chevy Chase, Md., home and to work over his coin collection. He has all of the Lincoln penny issues but one. He doesn't buy to fill his collection. He, the kids and his wife pick up the coins as they come across them.

Family Companies Controlled by the Soongs and the Kungs

THESE private Chinese corporations, all of them except one formed since the end of the war, are operated by leaders in China's political and government circles, and wield tremendous power and influence.

Fu Chung Corporation (China) Ltd.

Organized in 1946

Represents American companies selling automobiles, razors, electrical equipment, chemicals, metals.

Management includes:

H. H. KUNG (brother-in-law of Mme. Chiang Kai-shek), chairman

T. L. SOONG (brother of Mme. Chiang Kai-shek), managing director

HSI TE-MOU (father-in-law of T. L. Soong), director

STANLEY SHEN (son-in-law of T. V. Soong's right-hand man, the banker Tsuyee Pei), vice president

Yangtze Development Corporation

Organized in 1945

Represents American companies selling steel products, dyestuffs, automobiles, medicines, cotton.

L. K. DAVID KUNG (son of H. H. Kung), managing director and principal stockholder

H. Y. LI and C. S. CHEN (both former assistant general managers of Central Trust of China), assistant general managers

Goldmont Corporation

Organized in 1945

Represents American companies selling engineering supplies, milling machinery, farming and mining implements, plumbing supplies, automobiles, textiles, plastics, steel refining equipment, food products, dyestuffs.

Several brothers and sisters of Mme. T. V. Soong, née Chang

China Development Finance Corporation

Organized in 1934

T. A. SOONG (brother of Mme. Chiang Kai-shek), manager

H. H. KUNG, TSUYEE PEI, T. L. SOONG, T. V. SOONG¹ (brother of Mme. Chiang Kai-shek), directors

¹The New York Times of September 18, 1947, reported that "at a recent meeting of the Kuomintang's central executive committee Dr. Soong donated his shares in the China Development Finance Corporation to a fund for families of Kuomintang members who died fighting the Japanese and Communists. The value of these shares has been estimated at U. S. \$5,000,000."

China's Job Begins at Home

(Continued from page 49)

public has heard something about the disposal of Army surplus in Okinawa, one result of which was that Red Cross blood plasma—estimated to have been donated by 290,000 Americans to help win the war—ended up, in part at least, in China's drug trade. Among other surplus medical supplies so sold, narcotics found their way into illicit use in China.

What the American public does not know is that this operation involved the Reliance Corporation, financed by T. V. Soong's Fu Chung Corporation.

Prominent in the medical supplies deal was J. H. Powell Khoong who, according to Brig. Gen. Bernard A. Johnson of the Office of Foreign Liquidation Commissioner, was an agent of T. V. Soong. American officials witnessed in a Shanghai warehouse the intermeshing private interests and official interests. In this warehouse were stacked medical supplies and plasma bought by Khoong's company, and also surplus candy bought by the Chinese Government. Three persons were allocating the distribution of these goods—an American army officer, Khoong and T. L. Soong.

Relief supplies gone astray

UNRRA officials were alarmed at a sensational proposal by Chiang Kai-shek last February that China be authorized to sell on the black market \$200,000,000 worth of UNRRA supplies. This would have been contrary to the purpose of UNRRA—and UNRRA, of course, could not consent. However, UNRRA supplies found their way to the black market just the same.

The New York Times' Peiping correspondent reported that it was "common knowledge that, during the past year, Chinese governmental agencies have been selling UNRRA supplies on the black market at high prices. The present Chinese Government can neither enforce fair distribution through the land nor crush profiteering and speculation in relief supplies by powerful politicians."

New York Herald Tribune's Shanghai correspondent describes in detail how Chinese authorities recently violated an agreement on cotton which UNRRA had accepted. Under this agreement,

SOME "DOs" AND "DON'Ts" FOR APPENDICITIS



DO

—learn the warning signals that may mean **appendicitis**! The first sign of acute appendicitis is usually pain in the abdomen accompanied by nausea or vomiting.

The pain may be general at first, like a simple stomach-ache, but will probably become localized in the lower right side. It can be a sharp severe pain or a dull ache. Symptoms sometimes vary, so any persistent, puzzling "stomach-ache" should have prompt medical attention.



DON'T

—**treat yourself with home remedies!** If you have an abdominal pain and are nauseated, avoid taking a laxative or enema. They increase pressure on the appendix and may cause it to rupture.

A study of appendicitis in one Eastern city showed that when appendicitis patients took *no* laxative, only 1 in 62 died. Of those who took a laxative, 1 in 19 died.

External pressure can also cause a rupture, so you shouldn't rub or massage the site of the pain. And it's wiser not to apply either a hot water bottle or an ice bag.



DO

—**call your physician at once when such warnings appear!** Today, appendicitis is rarely fatal if recognized and properly treated in time. But it may be difficult to diagnose. Your doctor may need to take blood counts or make other tests. Calling him promptly permits him to make such tests and to determine the proper treatment before serious damage has occurred.

Appendicitis takes only about half as many lives as it took 12 years ago. More lives could be saved if everyone called a doctor at the first sign of an attack.



DON'T

—**try to keep going normally if you suspect appendicitis.** When appendicitis strikes, don't try to ignore the pain and keep on with your normal activities. Any physical exertion or exercise may lead to complications, so lie down, in bed if possible, and stay there.

The pain may let up but this does not mean the attack has passed. It's up to you to keep quiet and relaxed until the doctor has had a chance to examine you. Food and liquids can also be dangerous. Try to avoid eating or drinking anything, except water, until your doctor has examined you.

As more people learn more about this disease, appendicitis mortality can be brought still lower. For further information that may protect you and your family, send today for Metropolitan's free booklet 127-P, "Appendicitis."

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Metropolitan Life Insurance Company
(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
1 MADISON AVE., NEW YORK 10, N. Y.



TO EMPLOYERS: Your employees will benefit from understanding these important facts about appendicitis. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!

UNRRA was to have received cotton yarn in return for raw cotton at a stipulated ratio, but the Chinese with Cabinet support arbitrarily changed the ratio without UNRRA's knowledge.

Concluded the *Herald Tribune* writer: "It is hard to see how this operation can be described as anything but a direct steal of relief funds. The cotton mills which signed the agreement are owned to a considerable extent by big Chinese politicians."

A former UNRRA official tells me this one: "We had ordered some trucks, which came without batteries. The batteries were shipped separately. When they arrived they were stolen off the docks by S—'s gang (naming a prominent Chinese official) and next day appeared on the black market in Shanghai. We had to take UNRRA cash, American dollars, and buy back those very batteries, plainly marked with UNRRA's name, at \$125 per battery!"

An American official told me how—from his Shanghai hotel window on the Bund—he could watch moving junks, laden with American relief supplies they were hired to transport ashore from ocean vessels, being pilfered by pursuing sampans in broad daylight.

A typical Chinese device for attempting to influence U. S. officers who are in a position to do the Chinese favors is to promise them fat jobs or concessions.

Gold lent to China

THE gold scandals, of which there have been a series, were made possible by the \$500,000,000 wartime aid turned over to China by Congress in 1942.

Chiang had bluntly demanded the money of us and a like sum from Britain. He gave no explanation of how he intended to use it.

Mystery surrounds the arrangement whereby \$220,000,000 of the total was taken in the form of gold. There is no mystery about the fact that our Treasury had to sell war bonds to raise the \$500,000,000 and that China immediately put some of this money in U. S. obligations, so that the Treasury was paying interest twice, once to Americans holding war bonds and a second time to the Chinese Government.

China sought to hold down its wild inflation by selling gold to the public at prices below the prevailing black market price. As the inflation progressed, China frequently had to raise the selling price of gold.

Insiders, with foreknowledge of such price increases, could and did profit. With wartime censorship, little was known generally about their transactions, but in February, 1945, occurred such a fabulous two-day coup as could not be kept secret.

Financier T. V. Soong, then foreign minister, publicly stated that the guilty would be severely punished. But two years later, American congressmen, trying to learn from the State Department what punishment had been meted out in China for this misuse of American gold, were—after long delay—informed only that the Department did not have the information, but would get it. The congressmen are still waiting, half a year later.

No solution for China's troubles

CHINA'S RULERS have demonstrated no ability to solve China's problems alone and little promise of being able to solve them with our aid.

Should we keep on trying to help China with more large appropriations by Congress?

Certainly a loan to China at this time is not a good business risk. The Chinese are the first to recognize this. With 80 per cent of its budget going for military purposes, the country has been experiencing hyper-inflation. The Government's credit finds ever lower levels.

An American engaged in business in China recently told me: "It will crucify me if China doesn't get an American loan, but a loan would be just stupid, like throwing the money into the street. It will all go to a few."

Describing his wartime official experience in China, this man said:

"The most disgusting thing to Americans during the war was not the manipulation of the gold market in the private interest of the top clique, but the 'rooking' our Government got at every turn. Conservatively speaking, 60 per cent of lend-lease goods was sold by the Chinese at black-market prices. Our Army had to buy everything it got in China for cash. If the story ever comes to light, nobody will believe it.

"For instance, we needed fuel for 20,000 trucks in China to haul U. S. supplies. That was in 1943. They wanted us to pay part of the fuel cost in cash, instead of letting us have it as reverse lend-lease. We started by subsidizing Chinese alcohol plants. The price to us went up from 35 cents (U. S.) a gallon to \$5."

The American-published *China Weekly Review*, long and ardently pro-Chinese, this year examined the question of a proposed American loan to China in the light of past defaults on China's foreign bonds. The *Review's* advice:

"While we are not convinced that the present time is the best one to grant large additional credits to China, especially in view of the great temptation there will be for politicians and militarists to divert funds to political and military matters, we certainly advocate the closest supervision of any new credits that may be forthcoming. This will be the only way to make certain that the funds are spent in the best interests of the people."

The New York *Herald Tribune* writer describes pessimistically the outlook in China, saying: "... there is the fact that the more we help the present Government, the more we encourage its vices and weaknesses. This is a tendency proved by experience since way back in the Japanese war. . . . Communism is making headway in China—a vast country and one hard for outsiders to manipulate—almost entirely because of factors inherent in Chinese society itself . . . altruistic help . . . reaches those who need it in greatly diminished form."

Communism has gained of late in China because of the official corruption and knavery which the public has had to endure.

Where the Chinese have accepted communism, it has been an action of despair for the old system, rather than of hope for the new.

For decades the people of China have been crying for leaders who would promote the welfare of all of the people at least some of the time, instead of the pocketbooks of a few of the people all of the time.

The strongest propaganda the Communists have at hand in China today is the behavior of her high officials.

So we see the sad spectacle of Chinese "going red" when China so sorely needs outside guidance and material help. These will never be forthcoming from Russia. They can be had only from this side of the Pacific. This is China's dilemma. For, while the United States has a diplomatic stake in China and wants to help China get on its feet, we should not keep pouring our help through sticky fingers.

In aiding the Chinese people in the future, we have to be very much more realistic than we have been in the past.

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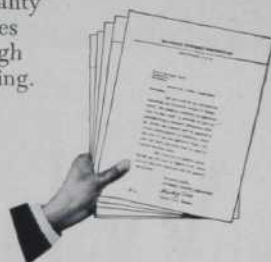
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What Does a Russian

DEPLORABLE as it may appear to us, Russia's behavior is logical, consistent and inevitable by "revolutionary" Soviet standards.

Civilized explorers are not shocked by the morals of some aboriginal tribe in the heart of Africa. They see the absurdity of measuring primitive conduct with the yardstick of Christian ethics. It is no less absurd to excoriate Soviet duplicity when the Kremlin violates our particular concepts of veracity, justice and fair dealing. The historical fact is that Communists have repudiated such concepts by word and deed.

In a pamphlet which is still Holy Writ for every Communist from Stalin down, Lenin, the father of Bolshevism, declared:

"We must be ready for trickery, deceit, law-breaking, withholding and concealing the truth." And at another time:

"We can and must write . . . in a language which sows among the masses hate, revulsion, scorn and the like toward those of different thought."

Addressing young Communists in the early years of his reign, Lenin exhorted them to discard

the outmoded ethics of the past.

"In our opinion," he explained, "morality is entirely subordinate to the interests of the class war; everything is moral which is necessary to the annihilation of the old exploiting order and for the uniting of the proletariat. . . . We do not believe in eternal principles of morality and will expose this deception. Communist morality is identical with the fight for the strengthening of the proletariat."

Expediency, not truth

FOR Lenin, in other words, *expediency* became the only truth. Right and wrong are relative things, depending on the latest directives from Party headquarters. There is no higher law.

When Lenin's adherents declare that "truth is a bourgeois prejudice," a capitalist fetish to help enslave the masses, they are not being cynical. They are being scientific, hard-headed and even principled from their own vantage point. If outsiders, non-Soviet infidels, are too scandalized to accept them at their own word, that is all to the good.

Andrei Y. Vyshinsky, chairman of the U.S.S.R. delegation to the United Nations, doesn't violate his conscience when he stands before the U.N. Assembly and shouts anti-American falsehoods. On the contrary, he feels brave and honest in the performance of a difficult chore for his country.

For Russia the central task of this period is to channel the fears and discontents of the masses everywhere against the United States.

Vyshinsky would be derelict in his duty if he allowed antiquated ideas to hamper him in making the most of the opportunity offered by the Assembly rostrum.

We can spare ourselves a lot of confusion in our thinking and feeling about Soviet Russia if we bear in mind always that, for Communists—as for Nazis—the lie is a weapon which only traitors and weaklings hesitate to use effectively for the cause.

During the war, Stalin again and again committed his country to enduring friendship for his allies, the United States and Britain. Simultaneously, however, active Communists were being warned in



Promise Mean? By EUGENE LYONS

WHEN the Russians rave against capitalists as "warmongers," they are doing their duty, as they see it

private not to take these professions at face value. Victor Kravchenko, a former Soviet official, has confirmed this in his book, "I Chose Freedom." He cites the substance of a talk by a high Party functionary at a closed meeting.

"Comrades," the functionary said, "our war partnership with the capitalist nations must not breed illusions. We must hold fast to fundamentals. There are two worlds. Now and then it is possible to throw a bridge across the gulf that divides them, as we have done in this war. But we know that the bridge must collapse sooner or later.

"The two worlds of capitalism and communism cannot forever exist side by side. . . . Do not exaggerate the new and unnatural 'friendship.' Remember always that we Party members are the soldiers of Lenin and Stalin and

must know how to judge the substance of capitalism."

By February, 1946, only half a year after the war, Stalin evidently felt he was safe in taking the rest of his subjects into his confidence on this score. He could not afford to let illusions about permanent friendship with the "capitalist encirclement" take root too firmly. He made a policy speech at that time that sent shivers down the spines of allied statesmen.

World War II, he declared, had been caused by "monopoly capitalism"—a phrase which to his listeners means America and Britain. More than that, he set it down as immutable law that as long as this "monopoly capitalism" exists, more such wars were unavoidable.

Thus he also blamed his recent allies in anticipation for the third World War which, as a consistent Leninist, he considered inevit-

able unless communist revolutions headed it off.

In effect this was a wholesale repudiation of all the fine wartime oratory about "one world." It implied repudiation, too, of the documents, from Teheran to Potsdam, outlining cooperation among the victors. Western opinion was deeply shocked. True, Moscow had already violated those agreements.

Intentional violations

BUT British-American statesmen were frantically eager to shrug these violations off as unhappy mistakes, if only the Kremlin would stick to its engagements from then on. The February speech, amounting to a resumption of political hostilities against the non-Soviet world, shook them out of their delusions.

But not for long. Because those delusions were exceedingly useful to Moscow, because they encouraged a mood of appeasement, Stalin acted to repair and reinforce them. In a series of carefully timed interviews with foreign correspondents, and with visitors like Elliott Roosevelt and Harold Stassen, he

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again talked friendship and cooperation.

Can the Soviet Union and the western democracies collaborate?

"Unconditionally," he informed the *London Times*. "Of course they can," he informed Mr. Stassen.

A wishful thinking world for the most part preferred to believe these latest diplomatic answers, ignoring the older and permanent answers provided by everything Lenin and Stalin have told their own followers.

Not one of the interviewers confronted Stalin with his assertions of February, 1946.

Stalin's words and the actions of his Government did not jibe. Every new declaration in favor of cooperation was followed by further Soviet actions in violation of solemn pledges made at Yalta or some other rendezvous.

Stalin, like Vyshinsky, has a clear conscience when he gulls foreigners. Obviously no moral stain attaches to tricking "the enemy."

In a state of war

THE KEY to the morality of Soviet leaders in their dealings with capitalist nations and individuals is to be found in the fact that they regard themselves as in a permanent state of war with the non-Soviet "encirclement." After all, does a General Staff hesitate to trick and deceive the foe?

What seems to us deception and breach of contract is to the Bolshevik commanders merely "tactics" and "strategy." Periods of seeming peace are to them an armed truce—to be exploited for strengthening themselves and weakening "the enemy." To accomplish these purposes the Kremlin signs pieces of paper or refuses to sign them, fulfills some undertakings and disregards others—as expediency dictates.

Lenin and his fellows did not look on their triumph in Russia as the end of the war, but only as the end of a battle; the war would not be over until the whole world had been "liberated" from capitalism. Stalin has never deviated from that view. In his "Problems of Leninism," which is still the basic doctrinal text for all Communists, he quotes and emphasizes Lenin's teachings. For instance:

"It is inconceivable that the Soviet Republic should continue to exist for a long period side by side with imperialistic states. Ultimately one or the other must conquer...."

Lenin prescribed, and Stalin repeats, that the proletariat, having

won in one country, as in Russia, must "rise against the rest of the capitalist world, attracting to itself the oppressed classes of other countries, raise revolts among them against the capitalists, and in the event of necessity come out even with armed force against the exploiting classes and their states."

Seen in this context, the free-and-easy ways of the Kremlin with facts and pacts begin to make sense. They even begin to make a certain kind of honesty, on the theory that everything is fair in war.

In justice to Stalin and his cohorts, this must be understood as we look at the record of Soviet falsification and treaty-breaking in recent years. To sum up that record even briefly would require a fat book. The best we can do is to sample a few episodes indicating the nature of the communist attitude toward promises and truth.

But first a parenthetical note is in order. There are times when honesty is the most expedient course open to the Kremlin. Such is the case in the domain of foreign trade, where the Soviet Union has a clean record. It has paid its debts. Being dependent on foreign machinery and some capitalist services for its industrialization plans, it has guarded its credit rating.

This does not mean that the Soviets have hesitated to use sharp practice. Soviet commercial agencies have "dumped" goods on distressed markets for political and other purposes. The trade agreements forced on East European nations since the war are models of commercial chicanery. From Stockholm come disquieting reports that Moscow is throwing Swedish goods back on the Swedish market at a profit.

Despite such things, Moscow has honored its commercial obligations. The story, however, is strikingly different in the fields of politics and human relations. What follows is only a fragmentary sampling:

1. When the late Wendell Willkie visited Stalin, he inquired about two veteran Polish-Jewish labor and socialist leaders, Ehrlich and Alter. They had been arrested by Soviet police some 18 months earlier and had not been heard from again. Certain American labor leaders had induced Mr. Willkie to intervene for them.

On returning home, Mr. Willkie made a fairly encouraging report. Stalin had promised to look into the matter without delay. Soon thereafter, however, Ambassador Litvinov in Washington revealed

almost casually that Ehrlich and Alter had been executed almost a year ago!

The possibility that Stalin was unaware of this must be ruled out—prominent foreigners, leaders of world socialism, are not shot in his country without his knowledge.

2. The sensational "dissolution" of the Comintern (Communist International) in the spring of 1943 was accepted as genuine by the unwary. That action, Stalin told a Reuters correspondent, "disposes of the lies of the Hitlerites that 'Moscow' has the intention to intervene in the life of other peoples."

But now even the most naïve observers recognize that the Comintern merely "went underground," because its supposed abolishment was expedient. The world-wide communist machine, far from stalling, went into high gear. Leaders for foreign communist movements and the "Party line" for all countries continued to be juggled by Moscow as always. Intervention in the life of other peoples became more extensive.

3. During the war the Soviet Government published a sumptuous book, "The Truth About Religion in Russia," with the imprimatur of Acting Patriarch Sergius of the Russian Orthodox Church. It purported to refute the charges of religious persecution under communism.

The volume made a great impression abroad, was solemnly reviewed, and is still cited by apologists for the Soviet regime. What is not generally known is that circulation of the volume is strictly forbidden inside Russia. Because religion, any religion, prescribes a code of values independent of "the Party," it can never be truly reconciled with totalitarianism.

4. Soviet relations with Poland provide an impressive exhibit of the low value Moscow places on its own pledged word. When the Red Army, on the basis of Stalin's deal with Hitler, occupied half of Poland, it violated the Soviet-Polish Peace Treaty of 1921; the Kellogg-Briand Pact to which the U.S.S.R. was a party; the Soviet-Polish Treaty of Non-Aggression, concluded on the Kremlin's initiative and renewed shortly before the war; the Covenant of the League of Nations by which both countries were bound.

After the German assault on the U.S.S.R. Stalin renounced the 1939 grabs. A pact of friendship with the



For Communists, the lie is a weapon which only traitors and weaklings hesitate to use effectively for the cause



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Government-in-exile attested that "the Soviet-German treaties of 1939 as to territorial changes in Poland have lost their validity." Besides, Stalin told the world again and again that "Russia wants a strong and independent Poland." But as soon as the military situation made it feasible, Stalin organized a Polish puppet committee (headed by M. Beirut, a Soviet citizen) which he eventually imposed on the country by force of arms as its government. The puppet regime, of course, surrendered to Soviet Russia virtually the same territory it had seized originally as Hitler's partner.

5. Moscow's absorption of the three Baltic republics—Estonia, Latvia and Lithuania—violated an array of treaties and covenants parallel with those broken in Poland's case. The grab was made in three stages:

(a) Stalin forced "mutual assistance pacts" on the three victims, providing for Soviet military bases on their soil. Under those pacts Moscow undertook as "a sacred obligation" to respect their independence and sovereignty.

(b) Half a year later, taking advantage of Germany's involvement in France, Moscow by ultimatum exacted admittance of unlimited numbers of Red troops to those countries and the establishment of "friendly governments."

(c) Those governments then completed the job by staging fake plebiscites for outright union with the Soviet Union.

As a pattern of conquest through wholesale mayhem on treaties and international obligations, this Baltic story is a classic, surpassing even Hitler's procedures in its cynical illegality. The American Government still regards the three conquered republics as sovereign and independent. Incidentally, Stalin also violated his specific promise to the Nazi Government not to "Sovietize" the Baltic area.

6. The Kremlin is as reckless in using the lie as a weapon inside Russia as outside. A "History of the Communist Party," prepared under Stalin's personal supervision, is taught in the schools and is required reading for all Soviet subjects. To question any statement in it is to court dire punishment. But a more fantastic perversion of simple, known historical facts has rarely been imposed on a people.

The "history" conforms to the fairy tales told at the Moscow

purge trials. Stalin figures in it as Lenin's most important lieutenant before and after the revolution, and as almost the only loyal one. Credit is given him for creating the Red Army and winning the civil wars (Trotsky's major achievements). Trotsky, Bukharin and others among the Fathers of the Revolution are pictured as spies and agents of foreign countries.

7. In rejecting the recent American protest against an insulting article about President Truman, Foreign Minister Molotov asserted blandly, "The Soviet Government cannot bear responsibility for this or that article." The implication that Soviet newspapermen write as they please is a cynical falsehood. All publications in the U.S.S.R. are owned and controlled by the Government. An official censor is on the staff of the "Literary Gazette," where the slur on Mr. Truman appeared, as on every other paper and periodical. While something might slip through the censorship network by sheer accident, every printed word in the Soviet Union has the Government's imprimatur.

8. In the widely publicized interview which Stalin gave Elliott Roosevelt, he expressed himself plainly in favor of an exchange of students, scientists, professors and other cultural groups between the U.S.A. and the U.S.S.R. As our Ambassador in Moscow quickly pointed out in a letter to Molotov, at least nine specific American proposals along these lines had been ignored by the Soviet side in the preceding months.

They continued to be ignored in the months that followed. The value of Stalin's expression of view to a "visiting fireman" may therefore be assessed at exactly nothing. It was just one more promise made for its propaganda effect, without intention to carry through.

9. A series of Russo-Chinese treaties marked the Soviet entry into the Pacific war in August, 1945. In one of these the Kremlin specifically recognized the sovereignty of the Nationalist or Chiang Kai-shek Government over Manchuria and undertook to support and assist the occupation of that area by the legitimate government. That was the *quid pro quo* for many humiliating concessions made by China to the Soviet Union.

The ink on the treaty was hardly dry when Moscow proceeded to

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Industry Reviews

The New National Guard

By Earl Bunting,
President, National Association
of Manufacturers

TEAMWORK! That's the simple formula for America's greatness. When labor, management and government work with mutual respect for each other toward a common objective, continuing prosperity in this country is assured.

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In short, the American team, for purely selfish reasons, must take to the field and with characteristic efficiency provide the *new* National Guard with all the support it needs to become quickly the finest, best trained civilian army in the world.

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turn Manchuria over to the insurrectionary communist forces of China. Troops wearing the Nationalist uniform and carrying Nationalist flags entered Manchuria from Jehol in concert with the Soviet forces. Two months later the truth leaked out: the flags and the uniforms had been phony; the troops were in fact communist. The elaborate deception, with few parallels in modern international relations, could not have been pulled off without Red Army connivance.

10. The amazing lie that Soviet Russia played the leading role in the defeat of Japan has become official "history" in Stalin's domain. It provides a startling sample of the gulf between fact and official pretense under the Soviet moral code. Actually, of course, Japan had been trying to surrender for months before Russia joined the Allies in the Pacific. Moscow declared war on Japan on August 8, 1945; Tokyo surrendered on August 14. According to Soviet textbooks, newspapers and speeches, this six-day "struggle" licked Japan after the other nations had failed to do so in nearly four years.

This truth-defying nonsense was broadcast to the Soviet people immediately after the surrender. It was the Soviet participation, the Red Army newspaper wrote, which "abruptly changed the relative strength of the parties in the war in the Pacific." During the recent second anniversary of V-J Day, the Soviet press and leaders stuck to their story, either ignoring or brushing off what the United States and Britain had done to defeat Japan.

11. Here is a revealing episode as summed up by an editorial in *The Saturday Evening Post* (March 1, 1947): The Russians "refused to take certain (lend-lease) items, including \$5,000,000 worth of interoceanic cable made to their specifications. They later bought the same cable as surplus from the War Assets Administration at a fraction of the agreed price and laid it across the Gulf of Finland as originally planned. Had they not canceled the original order, it would have been charged against the supplementary loan negotiated by Russia to take care of lend-lease material sent to Russia after the war was over."

12. Stalin has used the period of his occupation of Northern Korea to build an army of native con-

scripts. American observers have estimated this force as high as 400,000 men. This Soviet action, taken unilaterally, is in direct violation of the Russo-American agreement to work out a centralized Korean regime.

13. In November, 1946, there was launched in Moscow, on direct Soviet initiative, a "Military Committee for the Renovation of Germany," composed of Junker officers, with Marshal von Paulus and Lieut. Graf von Einsiedel in command. Ignored by the American press at the time, scarcely noted now, the Committee is destined to loom frighteningly on the horizon of world affairs. It marks the re-birth of German militarism—under communist sponsorship.

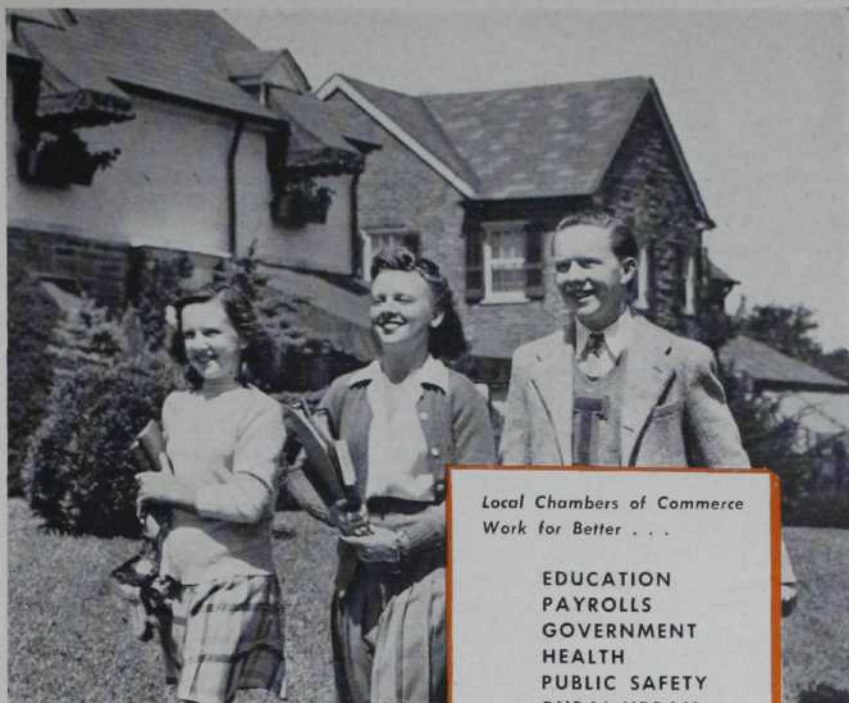
The creation of the Committee, dedicated to preserving the Reichswehr, violates the central Yalta pledge "to destroy German militarism . . . to disarm and disband all German armed forces." In terms of potential mischief, this may well prove to be the most important of Stalin's betrayals of faith.

Other broken promises

I HAVE told these episodes so succinctly that the full flavor of their political cynicism may not have registered. The sampling could have included the record of Soviet conduct in Germany—the refusal, for example, to treat the country "as an economic unit" as clearly provided by the Potsdam deal. It could have detailed the crude and continuous flouting of the Three-Power Declaration on Austria. It might have dealt with the frivolous Soviet misuse of the veto in the U. N. Security Council, despite promises that it would be invoked only in extreme cases and never when a Big Power was itself a party to a dispute.

But abbreviated and compressed as the inventory may be, I trust it justifies the warning that western nations must discount Stalinist promises in sheer deference to realism. Of all the myths put over on an easy-going American public opinion in the war years, the most fantastic was that Stalin, for all his faults, does keep his pledges, and that his Government has never broken a treaty.

In all further relations with the Soviet Union, common sense demands that we give due weight to the Leninist dogma of permanent war with the capitalist nations—and to the political morality growing out of that dogma.



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Clear Slums? Yes! But How?

(Continued from page 45)

The 11, each with community facilities, cover 398 acres and break down into 742 buildings, 7,937 living units, 34,188 rooms and about as many inhabitants, an average of $4\frac{1}{3}$ rooms or persons per unit. The average unit cost was \$6,045, or \$1,403 a room. The total cost was \$47,978,886, divided into: land, \$4,974,053; construction, \$33,304,833, and community houses, landscaping, etc., \$9,700,000.

Two years ago C.H.A. selected a site and started acquiring land for a twelfth project. It will be six and 11 story buildings with 800 housing units at a \$6,250 average cost. As the Lanham Act limits costs to \$4,500 a unit, or \$1,250 a room average, this project is stymied. At present Chicago prices, C.H.A. cannot build for less than \$1,800 a room.

In the meantime, C.H.A. is locating 3,100 temporary shelters for veterans. It has two-year leases at \$1 a year on 21 sites in the Forest Preserve, city parks and other grounds. The Authority is putting in the expensive sanitary facilities and utilities. The Government is sending old buildings from Oak Ridge and Indiana ordnance plants, 1,000 trailers and 300 Quonset huts. C.H.A. teeters between fear of future slums and a faint hope that the "temporary" residents will find permanent homes in two years.

A long-range program

CHICAGO grew haphazardly for 100 years. In the past 40, the Chicago Plan Commission has been a powerful influence for orderly building and development. Recent state enabling acts now start the city on a 25-year redevelopment program.

With 200,000 additional families, 300,000 returned veterans and a lively marriage mart, the city is short 100,000 dwelling units. A fourth of its 990,000 present units are more than 50 years old—3,000 were built before 1860—and need patching. The long-range program contemplates elimination of slums, and 535,000 new or rehabilitated homes by 1965.

Under this legislation, the mayor has named a Housing Action committee; requested authorization for a

Land Clearance Commission, and named Milton C. Mumford, a vice president of Marshall Field & Co., Housing and Redevelopment Coordinator until March 1, 1948.

The coordinator will wave the olive branch over these and other local housing and redevelopment agencies. Acquiring land and slum clearing will be the function of the Land Clearance Commission. It will be helped by city condemnation of unsafe and insanitary buildings and county foreclosures on tax delinquent property. A \$15,000,000 city bond issue and a state appropriation give the Commission close to \$26,000,000. The city also will have more than \$27,000,000 from another \$15,000,000 bond issue voted Nov. 4 and from the state for low rent and non-profit housing.

The acquired property will be leased for industrial, commercial or residence uses or devoted to parks, recreation or other community activities. The lessors will pay taxes. However, as the private developers will get the property cheaper than its cost to the city—in effect a subsidy—and much cheaper than they could acquire it, it is expected to attract \$125,000,000 in private building capital.

While C.H.A. is champing to start its skyscrapers, the Illinois Institute of Technology, formerly Armour Institute, is going ahead in an adjoining area, expanding over 24 city blocks. By next year, new halls, faculty residences, dormitories, and athletic grounds should

replace the once blighted district. On the east, Michael Reese Hospital is being developed. C.H.A. will acquire the land and sell it to the hospital.

The three projects—one public and the others private—are a nucleus in the transformation of three square miles of blighted area into new institutions, parks, schools, shopping centers and 30,000 dwellings.

Dwarfing even this will be the new medical center around Cook County Hospital on Chicago's west side for which land assembly has started. It now is the largest medical center in the world and when completed will be a model of institutional development covering 305 acres. At present there are six hospitals and ten schools, including Illinois and Loyola Medical colleges.

In this little world, thousands of physicians, nurses, and students will work and live in a professional atmosphere. The nurse shortage will be met with a school for married nurses' children. Here specialists who now devote time to studying the abnormal can observe normal youngsters.

The commission's task in obtaining land for the new center is typical of all city redevelopment. The tract being assembled consists of 2,216 parcels. Many of these parcels are tax delinquent. Title to each must be cleared. Once this is done the land will be sold to institutions or individuals.

More homes are completed

PRIVATE building is keeping pace with institutional and public construction. Basing his estimate on the fact that more than twice as many houses were completed in Chicago in the first half of 1947 as in that half of 1946, Martin C. Huggett of the Metropolitan Home Builders Association estimates the year's total for Chicago at 22,000 and for the rest of the country at 750,000.

The construction of 3,000 housing units for 25,000 persons near Olympia Fields on Chicago's south side is said to be the largest private housing project ever started in the United States. It is reported as a \$35,000,000 investment with its own commercial buildings, schools, playgrounds and parks and row, detached and duplexes as low as \$40 rentals.

Material and labor short-



"—Many shall run to and fro, and knowledge will be increased"—DANIEL XII, 4.



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- ☐ Type styled after Petrarch's handwriting
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1872—SEVENTY-FIVE YEARS OF FINE PAPERMAKING—1947

ages, uncertain deliveries and high prices of both are the big hazards of building. As supplies can be obtained now at a price, labor becomes the uncertain factor. Resolutions of labor organizations at national conventions calling for more home building are received with a derisive snort in Chicago. Chicago building unions have more restrictive rules than in any city in the world. Many are incorporated in the antique city building code.

No federal subsidy

INDIANAPOLIS, like Chicago and other cities, has complex housing problems. Except that FHA has pictured the largest slum area of Indianapolis as the world's worst, it differs little in type from those of other cities. Indianapolis tackled its reclamation job without federal or state aid beyond an enabling act. Redevelopment is headed by Paul L. McCord, a real estate man, as chairman, and Otto K. Jensen, as executive secretary.

The first project selected covers 178 acres and will be followed by other industrial and commercial developments. The first is an expanse of substandard houses occupied by 454 colored families; refuse-strewn lots, dumps and waterholes. It will be remade into 100 acres of parks and streets, the rest single- and two-family homes and apartment houses for 500 families.

Flanner House Homes, a colored self-help community center, made a social survey. Only 225 families were trying to better themselves. One earning \$100 a week was paying eight dollars a month rent and could make only \$100 down payment on a home. Average family earnings were \$26.70 a week with \$13.76 a month rent. Most of them were late immigrants and marginal workers, though one fourth had held the same job for five years and a couple for 25.

Flanner House, with the cooperation of the American Friends Service Committee, is financing and training 20 married colored veterans to buy sites and build homes in the project. The housing authorities may get only \$500 for a tract which cost \$1,500 to clear—the difference being a builder's subsidy. With the once blighted area paying taxes instead of being an expense to the city, the project backers figure the loss will be made up in 15 years.

Indianapolis does not get a cent from Washington or the state. In two years, a tax levy of ten cents on \$100 raised \$1,000,000. The law permits a levy of five cents on \$100

for successive years, but the 1948 levy will be only 1.4 cents to net \$77,000. The Housing Commission has enough money for the present. The fund is revolving.

Philadelphia and Detroit have similar plans.

The builders' view

THE different ways to meet the housing shortage are clear. Social workers believe government should provide a good home, a form of welfare relief, for families which cannot—many will not—pay economical rents. The deficit comes out of taxes which others pay.

Builders point out that government home building not only increases taxes on all other property but increases their own construction costs. They believe that as more private homes and apartments are built, lower-income families will filter up into better living quarters though it may be a slow and doubtful process.

Mr. McCord expects the country to have an oversupply of houses in three years. He suggests the Government could stimulate new rental building by permitting owners to write off depreciation in five years.

The forgotten man in the controversy has no real estate board, trade union or welfare organization to front for him. He pays \$90 a month rent out of his \$4,000 salary, or by thrift has bought his own home. Another family with the same income lives, by hook or crook, in an even better housing project apartment for only \$55 a month. The forgotten man is willing to pay his own rent, but cannot see why he should pay the rent of another fellow who is as well off as he is.

All agree that cities must eliminate slums and blighted areas. For that, some government action and subsidies to public or private builders are deemed necessary.

It is also clear that, if cities strictly enforced their tax delinquency, fire, sanitation and vagrancy laws, there would be no slum areas. Slovenly city administrations also can breed slums, and cities cannot solve the problem by trading their rights to home rule to the federal or state governments for a housing project.

At first glance, a federal grant for public housing may appear to be a great saving for local taxpayers and a feather in the cap of the political stalwart who has influence in Washington. In the end, the taxpayer's contributions for public housing in some 500 other cities and rural districts are more than what his home city appears to be saving.

The country rapidly is approaching the point where those who work and support the Government cannot carry the increasing burden of others unable or unwilling to contribute. It is recognized that the unfortunate must be helped, but public housing for others should be limited to fitting them to stand on their own feet. In the same manner, city reclamation should be planned as a temporary project. It is easier to prevent slums than to cure them.

Once this is done, federal and state governments can help overburdened taxpayers by permitting the cities to run their own affairs. Unless federal shackles are removed, its interference with individuals and competition with private industry ended, this will become a nation of government robots instead of free citizens.



Today's Farmer Has a Long Memory

(Continued from page 38)

little land was sold; in others large amounts. In one township near Waterloo, one-third of the farms with residences and a little less than one-third the total acreage changed hands, many pieces from three to six times in a year.

It is interesting to note who bought the farms. In one area, out of a total of 1,000 sales, farmers, or retired farmers, bought 727 farms and sold 651.

Real estate men, apparently, didn't fall for their own optimism. They bought 70 farms, sold 104.

Farmers are Smarter Today

HERE IS HOW Iowa farmers are using their money today, in contrast with what they were doing with it back in the first world war period:

Mortgages:

In 1915, their mortgage debt was about \$718,000,000. Last year it was \$550,000,000.

That, in itself, only tells half the story. Through the first war and up to 1920, when they were enjoying prosperous times, Iowa farmers cheerfully let their mortgage debt increase until it topped \$1,187,000,000. Additional borrowing, in trying to get themselves straightened out financially, boosted the total by 1925 to \$1,480,000,000. In brief, the farmers now are using war-created profits to pay off existing debts. After the first war many of them were using such profits to speculate.

Non-Real Estate Loans:

The same goes for non-real estate loans.

In 1914 such loans came to \$187,000,000.

By 1920 these loans had climbed to \$401,000,000.

Mid-way through the second world war they totalled \$110,000,000.

Last year they were still only \$120,000,000, or less than one-third of what they were in 1920.

Bank Loans and Deposits:

In 1914 loans were \$457,000,000. During the first war period, they increased to \$685,000,000.

In 1941 loans were \$367,000,000. In the second conflict they increased only \$60,000,000.

Last year loans were \$427,000,000, again under the first war sum.

Deposits jumped from \$496,000,000 in 1914 to \$934,000,000 in 1919.

During World War II, deposits increased almost \$1,500,000,000.

On the other hand, bankers bought 64 times, but sold only 30 times, showing an unusual lack of conservatism. Other buyers were merchants, auctioneers, produce dealers, traveling salesmen, physicians, dentists, veterinarians, mechanics—and, far down the list, lawyers. All bought more than they sold. It seemed everyone expected to get rich by buying a farm.

Little land was transferred during the boom at prices that were reasonable at any time in the succeeding 20 years. Land that in 1915 was priced at \$100 an acre, changed hands for as much as \$600 before the boom burst. In one day in one county ten sales were reported at more than \$500 an acre—and all went to foreclosure within five years.

The range of most sales, however, was from \$200 to \$400, for land that probably, on a basis of long-time earnings, was worth \$150.

Want too much land

ALTHOUGH most of the dealing by outsiders was born of greed, many of the farmers who were wiped out were governed by their love of the soil.

High prices had given them cash for the first time. So they prepared for what they thought was security—not only for themselves but for their families.

Again and again among the reasons stated for the original purchase were:

"I bought a farm for each of my sons."

"I bought for my children."

"I wanted to leave an estate—I wanted my children to have what I was denied—enough for an education."

In the past two years there have been the makings of another farm boom in Iowa.

Everything is there that was present in 1918-20.

That is, everything but the sucker.

Iowa, which has long prided itself on its high rate of literacy, learned a lesson in 1919. The American farmer, and the Iowa farmer in particular, is nobody's fool, even if he acted like one 23 years ago.

Like the farmer with the gold pen, he remembers. It has taken years of hard labor to get back on his feet, years of struggle to get back his self-respect. He is not going to risk that again.

That doesn't mean that there is no foolish waste of money in Iowa

today. There is. Often more spectacularly than in other communities. There are many persons in the state who never before have had funds whose expenditure was not earmarked before they got them.

In Des Moines a "used" automobile auction holds forth monthly that is the talk of the motor car industry. Last August 200 used cars were sold there for a total of \$275,000 wholesale. Only dealers are permitted to buy. The used car lots of the chief cities are filled with high-priced automobiles—Cadillacs you can buy at \$4,000; Buicks, for which \$3,300 to \$3,500 is forked over. Fords run from \$2,200 to \$2,600.

Money in used cars

ONE prophet of disaster, viewing the wild bidding for cars, remarked:

"The Iowa farmer is headed for the poor farm again."

"Yes," was the answer, "but this time he's going in a Cadillac."

An Iowa newspaper recently told of three couples who flew to New York to see a new play. It cost them a little more than \$200 each for the one-day trip.

Another Iowa farm pair entertained at a lobster dinner—with fresh Maine lobsters flown there the day before at a cost of \$600.

But these are the exceptions that prove the rule. On the other hand, the Savings Bond division of the Treasury Department reports that Iowa has been the number one buyer of government bonds for two years.

More careful investments

THE comparison is not in proportion to population, but on a quota based on a complicated formula that determines each state's "ability to buy."

The improved condition of agriculture due to the war, and the runaway demand for farm products that came with removal of controls, with accompanying skyrocketing prices, all were said to play a part.

There are statistics that show that the Iowa farmer is spending money as never before on education, home equipment, farm machinery, and land improvement, including conservation projects and better fertilization. But these, in the long run, must be considered as investments. What he is doing with his surplus is important. Instead of "taking a flyer" as in 1920, he is paying off his debts and salting the rest away.

What do you mean, biggest production line?

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Joe Banker Goes to College

(Continued from page 52)

This is no exaggeration. The extension problems hang over the Graduate School of Banking student all winter like a sword of Damocles. They have to be done. And the student—cashier or bank president—has to meet a deadline. The date is stamped: "To be returned December X, 1947, to the Registrar." One every three weeks. And *always* on time.

One of last year's problems was on a manual of operations. The student had to prepare a report explaining the advantages of a manual of operations for his bank. This year one was on organization. In a certain bank overlapping duties and responsibilities were reducing efficiency. The banker-student had to study conditions, make organization charts, and report his recommendations. A third problem was a cost system study.

One banker-student, whom many a Graduate School of Banking alumnus likes to tell about, used to do his extension problems in the evening at the office to avoid the distractions of home life. His young daughter was always in bed before he got home. One day she came to her mother.

"Mummy," she asked, "has Daddy gone away this time—for good?"

But even extension problems pale into insignificance beside the thesis which is required of every student before graduation.

It must be original, on a new subject, and at least 15,000 words—no less than 50 typewritten pages. It must be submitted by April 30 of the second year.

A school story indicates how seriously the bankers take their thesis-making job. One vice president had almost completed his thesis when one night his house caught fire. The family was safely outside watching the flames, when suddenly the head of the house dashed back into the building. Shortly, he reappeared, clutching the folders and envelopes containing the school thesis on which he had been working.

These masterpieces and incidentally some *are* masterpieces—cover almost every conceivable subject in the banking business. They range from "Bank Participation in Financing the Whisky Industry," to "Barnyard Loans for Country Banks in Minnesota."

One man's thesis was "Financing the Long Island Potato in Suf-

folk County, N. Y." Another "Illegal Lending in Alabama." "Some Common Errors in the Operation of Bank Bond Portfolios," along with the rest of these titles, made the library.

That term—"made the library"—means that the thesis was one of the ten best of the year, and so was permanently deposited in the library of the American Bankers Association in New York City, probably the greatest source of vital banking information in the world.

Honored in the library

GSB is probably the only school where students never say he "made the team," but, "Boy—he made the library!"

Before a thesis is accepted, its author receives an oral grilling by a panel board. He must defend his thesis. That, by general agreement of the student body, is when the "post-graduate hard knocks" land heaviest of all.

Here is a vice president who has handled multimillion-dollar loans. Another, who has said "No" to the heads of states. But when they stand before the three-man thesis panel boards, they often have the jitters.

"Grown men," one examiner remarked, "but they're as scared as kids. They gulp. They wipe their sweating palms. They're in agony."

Sometimes the judges spring trap questions. One candidate had this tossed at him:

"All right, you are a trust. Will you lend to another trust?"

"Are you kidding?" was the candidate's bewildered reply.

"OK," said the examiner, "that's the answer we wanted."

Another favorite catch-question runs like this:

"Well, Townsend . . . Now, about your conclusions in this Chapter Ten. You say so and so. Will you defend that, please?"

Townsend is aghast.

"Gentlemen," he exclaims, "if you got that idea from my Chapter Ten, I certainly did not make myself clear."

"Fine," grins the examiner. "That isn't in your thesis at all."

Townsend was being tested to see if we knew what *was* in the thesis—whether he had actually written it himself—because occasionally a thesis is ghosted. Also, occasionally, a little literary larceny crops up. One examiner re-



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marked to another once that parts of a certain thesis seemed vaguely familiar.

"Ought to," the other replied. "Whole chapter verbatim right out of the book on investments you wrote six years ago."

But it is little wonder that such irregularities occasionally occur, for to fail in this school (and almost every year some of the successful bankers do fail) may have dire consequences.

"For the banker who flunks out and goes home," one examiner declared recently, "it may well be—there are cases—the ruin of a career."

His thesis accepted, his marks up to snuff, a GSB student is then graduated. But never with "honors." This saves embarrassment. Sometimes, the cashier of a bank will pull down all A's, while his boss who is president just barely squeaks through!

Practicing bankers sometimes ask: "But just how do you put this hard-got knowledge to some use?"

Answers are easy to find. One junior vice president, for instance, used his thesis to convince his bank that policies he had long urged would really work.

Alumni in new fields

MANY an alumnus, as a result of his two years in GSB, gets into an entirely new field of banking. One former student who did just this is today the American Bankers Association's leading authority on consumer credit.

Or, here is an instance of what the course can teach correspondent bankers:

"Formerly," said one big-city bank vice president, "our correspondents—trust men—would write us, 'I've got \$10,000 of a trust to invest. What'll I buy?' Just that, no more."

On that information the big-city bank couldn't give much of an answer. "But now, says the executive, when the same correspondent writes in about a similar matter, he tells his bank's deposit fluctuation, all the trust's legal limitations, just what restrictions it imposes on mortgages and investments, and other highly pertinent details."

"So today," declares the bank official with considerable satisfaction, "we can give him quickly an intelligent answer—which we could not do before. The correspondent is probably a little banker in North Dakota somewhere. And where did he catch on to all this? Nowhere else but at that summer session at the banking school."

O. K. *for twiddling*



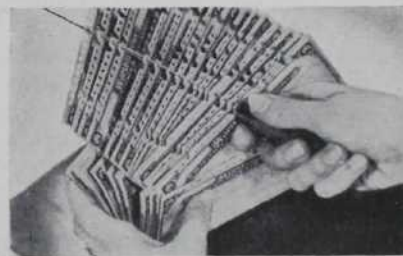
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Time Out for a Gag



ABE MITCHELL is a man who believes in fooling the customer. This fiftyish descendant of the sternly righteous Scotch Covenanters has founded a business on the principle of "fool 'em and they'll feed you." Mitchell specializes in deceit for legitimate purposes.

His new enterprise, "Magic for Business," puts the "Trick of the Month" into the hands of salesmen to aid them in beguiling away customer resistance.

The idea originated appropriately enough through an accident. For years the stock in trade of his business in Chicago has been advertising novelties and premiums, designed to cajole people into reading direct-mail advertising. His bread and butter has come from the sale of such items as tiny brass hats ("Here's a personal message for Brass Hats . . ."); and miniature wrenches ("Tighten up your operations . . .").

One of Mitchell's suppliers, an amateur magician, interested him in the "Black Art." Mitchell began to carry around a few tricks to practice in his spare moments.

One day while waiting for a prospect's secretary to take in his card, he ran through one of his tricks. He was just starting to repeat it when the girl came back and said, "Mr. Jordan is sorry, but he's so tied up he can't possibly see you."

"I understand. I'll come back some other time," replied Mitchell, continuing to play with the trick.

The girl stared at what he was doing.

Mitchell showed her a white-handled knife, made a few passes, then revealed that the color had changed to green.

A few more waves of the hand, and it turned black. Another pass, and the handle was brown.

"How did you do that?" the girl gasped.

Mitchell, like a professional, ignored the question. "Want to see another?" he asked.

"Wait a minute," said the secretary. "Come into Mr. Jordan's office. I know he'll enjoy this."

Mitchell stacked four nickels on his prospect's desk. Over them he placed a brass cup. When he raised the cup a moment later, the nickels were gone, and in their stead four shiny dimes glistened. "Just a hundred per cent profit," he nonchalantly announced.

It marked the beginning of a new career in deception for Mitchell.

Putting "Magic for Business" on the market has been the trickiest of all his efforts. Tricks had to be selected with an eye to ease of performance. Prices had to be low. Mitchell says his profits will begin after he has 10,000 subscribers.

Trick of the month

HE limits subscriptions to one firm in any given industry unless trade areas do not conflict. The scheme was set up as "The Trick of the Month" because most salesmen cover their territory once a month.

There was little drama in the start of Mitchell's career after his graduation from Amherst in 1910. He went into the coal business in Chicago, later sold out. Then he started a small dry cleaning and washing machine factory, but this foundered in the crash.

Next he became a manufacturers' agent for novelties and premiums, specializing in attention-grabbing enclosures for letters which he named "letter gadgets."

Except for the war period when he worked for the Navy, Mitchell has been in the advertising novelty business ever since.

"Magic for Business" is based on the same attention-grabbing psychology. One salesman, however, ran into more than his match. He was showing an executive a trick in which a card is picked and returned to the deck, which is then shuffled and put into a hat, from which the selected card hops. Everything went smoothly until the climax when, along with the deuce of spades, out popped the business card of a competitor.

Fortunately, few executives have such skill.—RALPH CONISTON

"You Gotta Be a Showman"



STEVE PHIEL, an Owatonna, Minn., merchant, used to get lonely waiting for customers to come into his variety store.

A circus came to town and Phiel noticed the crowds milling around and listening to the ballyhoo. The circus sold itself on showmanship.

So Phiel took a tip from the "big top." He became a showman—some people say he became a screwball. Instead of townspeople saying good morning now, they ask: "What's Phiel gonna' pull today?"

Last summer he tied up traffic for two hours while he gave away some 1,200 ice cream cones to kids. The same day he tossed a flock of chattering guinea hens from the roof of his building, starting a minor riot. The guinea hens had one and five dollar bills tied to their legs. The cash registers that night revealed a near-record day.

A week later he hired a woman to faint in one of the store aisles. He also hired an ambulance to pick up the "victim," but told the driver to arrive by the longest possible route. When the ambulance finally arrived, a crowd came with it.

Phiel explained the "accident" the next day in an ad, saying: "It was reported that the woman fainted when she saw the bargains."

Sometime later Phiel had practically everyone in town running to the local library for a Spanish-English dictionary. He ran an ad thanking transient Mexican beet workers for their business. But he printed it in Spanish. Phiel received so many calls asking what the ad said that he ran a translation the next day.

Explaining his success, Phiel says:

"You gotta' be a showman to sell—and it doesn't hurt if you're a bit of a screwball, too."

—DAN VALENTINE

ANNOUNCING

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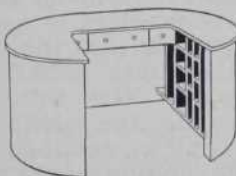


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MAIL-VERTISING, Inc.
904 CHESTNUT STREET-PHILA. 7, PA.

When the G-Man Comes Calling

(Continued from page 41)

The anonymous letters got results. The electrical maker got few repeat orders for his lamp. The charge was made that his competitors had conspired to put him out of business, a violation of anti-trust laws, if true. Several large electrical appliance concerns were under suspicion. The FBI got orders to investigate.

The FBI soon learned that the beleaguered electrical company had fired one of its officials and that he had joined a competing concern. The finger of suspicion pointed to him. But the FBI discovered an official in a third electrical company who was buying copies of newspaper electrical advertisements through a press clipping service. Some such service as this was necessary for the anonymous writer to get the names and addresses of local lamp dealers.

A personal grudge

FBI agents quizzed the official who was buying the clippings—and sure enough, he confessed to sending the letters. His motive, however, was not to run a competitor out of business. He held a personal grudge against the official who had been fired and he had hoped his anonymous letters would be blamed on him and get him fired from his new job.

The case was dropped and competing electrical appliance manufacturers were cleared of blame. In the FBI files is a warm letter of appreciation from the intended victim.

Incidentally, "grudge" cases are not uncommon in antitrust activity. Disgruntled persons frequently make complaints against competitors and former associates. Selfishness is another factor in antitrust cases. In this case, the complaint is motivated by the desire to see the antitrust laws used to break up a closely-knit and lucrative business in order to make it easier for a competitor to enter that field.

For example, a disgruntled midwest junk dealer recently filed a charge against his competitors. However, the FBI investigation showed

clearly that he had adopted the more discriminating sales methods of his competitors and that he was making more money than he ever had before. The case was promptly closed.

The general public seems to have the impression that gangsters and terrorists are caught up by criminal laws, and only business men run afoul of the antitrust laws. But the simple truth is that the antitrust laws have been used to break up many a lawless gang and racket. This, in turn, benefits all legitimate business.

The record shows that one of New York's largest and most successful rackets for a time was broken up by use of the antitrust laws. The racketeer leaders were Jacob "Gurrah" Shapiro and Louis "Lepke" Buchalter of "Murder, Inc." notoriety. They collected millions in tribute and protection from thousands of fur dealers and other New York merchants in the early 1930's.

In the early 1930's, the Philadelphia gangsters who tried to seize control of that city's motor truck concerns were thwarted by use of the antitrust law. In the late 1930's, another truck racket was smashed in New York with the antitrust weapon. The racketeers, members of a union, exacted a fee on each truck entering the city. The bloody and destructive warfare between two rival unions in the

Southern Illinois coal fields was halted by use of the antitrust act.

In this unsettled postwar era, there are growing evidences that new gangs are being formed to kill, to destroy, and to prey on business. The antitrust act will be used to try to destroy them if the gangs violate it.

Anyone is free to request the Government to make an antitrust investigation. In fact, an anonymous wire resulted in the investigation, indictment, and conviction of a large Pennsylvania company several years ago.

Antitrust complaints

THE proper procedure in filing a complaint is to contact the Antitrust Division. However, a great many people go direct to the FBI. In such cases, the FBI turns the information over to the Antitrust Division. Grand juries may also institute antitrust cases by making preliminary inquiries and then call on the Justice Department to complete the investigation.

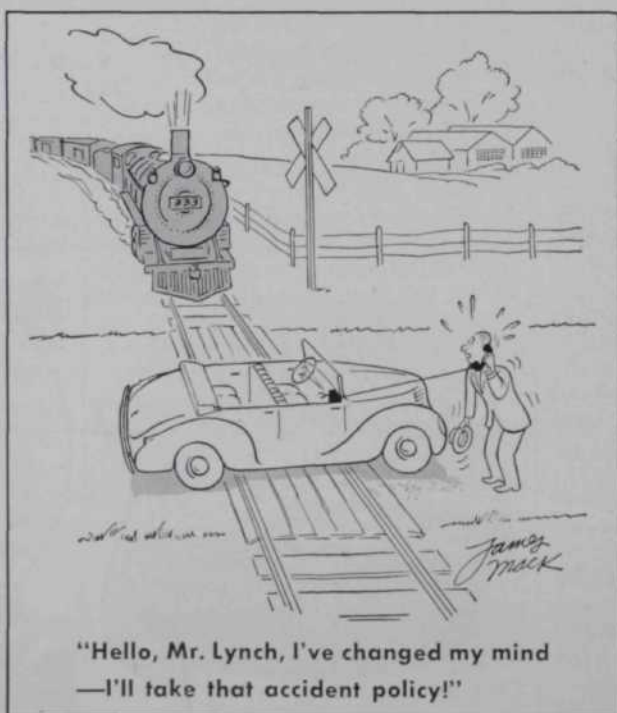
Some of the antitrust cases are long and involved. It took several years to try the case against the Aluminum Company of America in court. The record on a fertilizer case fills 40 file cases.

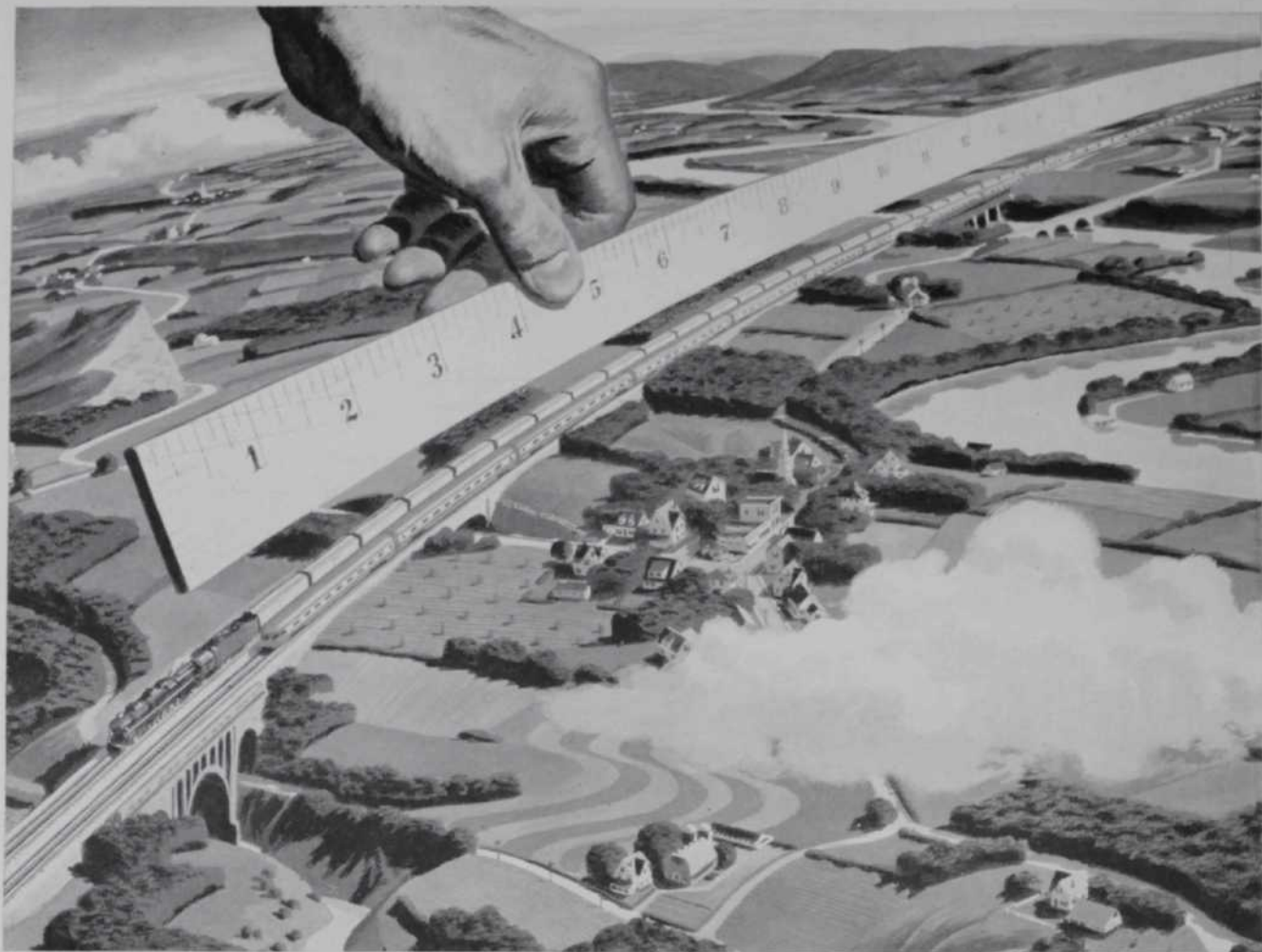
In a case now under investigation involving the General Motors financing of autos, FBI agents have been ordered to interview as many as possible of the 15,000 General Motors dealers.

Other cases under inquiry include:

Hosiery machinery, cottonseed oil, milk in St. Louis and Chicago, soybean processing, Texas citrus fruit and vegetable growers, movement of grain by railroads (box-car shortage), shoe-finders of Philadelphia, food packing machinery, hide industry, united shoe machinery, Singer Sewing Machine Co., shrimp industry, steel, rayon, the paint, varnish, and lacquer industry and many others.

The number of concerns that will be cleared by the investigations and the number of cases that will go to the courts for decision—only a fool would guess. But this is no guesswork—the Government will win the vast majority of cases taken to the courts. The FBI's record is 97 per cent convictions for all cases it takes to the courts.





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Results in more efficient freight service:

The amount of work done each day by the average freight car *practically doubled* between 1926 and 1946. And in the first five months of 1947 it was almost 10% more than in 1946! That's one important reason why railroads are able to handle the greatest peacetime traffic in history with fewer freight cars than they have had in many years!

Results in greater safety:

In 1946 collision, derailment, and other train accidents resulted in only one passenger fatality for each 996,000,000 miles traveled! (That's right—almost a *billion* miles!)

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Association of American Railroads

WASHINGTON 6, D. C.



W. A. Faricy, head of Association of American Railroads, enrolls rails in the Army's new program. Gen. P. F. Yount and J. H. Aydelott, of A.A.R., look on

The Army Taps Industry's Skills

By NORMAN KUHNE



SIGNAL CORPS PHOTO

TWO WORLD WARS have demonstrated the ability of our industrial system in getting essential supplies and equipment to front-line troops and in contributing materially to victory. Recognizing this, it is hardly a surprise that the Army is calling on the business community to assume a key role in our postwar national defense program. Private industry is teaming up with the military to help train the forces that may be needed in some future emergency. Retail stores, manufacturing plants, laundries and mail order houses will be the training grounds.

In Lincoln, Nebr., a merchandise concern will train officers and en-

listed men in purchasing techniques to assure Uncle Sam his dollars' worth should procurement on a mobilization scale ever again be necessary. In Pittsburgh, a laundry company will train men in the jobs the Army needs done on wartime washdays. A mail order house in Portland, Me., is teaching employees the things efficient quartermaster personnel need to know. Trucking companies in Salt Lake City and Atlanta are equipping units to keep the motor freight rolling under military conditions.

Officers and men being trained under this program are citizen-soldiers—members of the Organized Reserve Corps. Although the

military is a part-time occupation with these reservists, their contribution to this country's security is great. Traditionally, the American people have frowned on a large standing Army in time of peace. The nation has relied on a small number of professionals, supplemented by a huge civilian reserve that could be called to service in time of emergency.

The current plan, in government parlance, is called the "Affiliated Reserve Program." In everyday language, it's a method whereby the Army can tap private industry's reservoir of "know-how" in fields where the civilian skills of peacetime closely parallel mili-

tary requirements in time of war. At first glance, it might appear that the operation of a mail order house would scarcely fit into a military training program. Quite the reverse is true. Essentially, such a house is a central storage facility containing a wide variety of goods that are in demand. Customers, through written orders, call on it for merchandise according to their wants.

The Army has many similar establishments in its base depots, to which its various units submit requisitions based on their needs. They serve the military as the wholesale house or mail order

store serves the civilian population.

Employees of business establishments of this kind already have many skills essential to the Army. They know how to handle order forms, keep inventories and package merchandise for shipment. With this background, it is relatively easy to train them for Army supply work.

In its essence, the affiliation program calls on business houses to sponsor Organized Reserve Corps units, to be manned by regular employees who are, or will become, members of the Army Reserve. The plan's simplicity belies its real importance to national defense, to

the sponsoring business organizations and to the participating employees.

To maintain adequate security without a large peacetime standing Army, the reserves must be trained and made ready for instant mobilization, as well as adequate in number. We are far enough into the air age to know that in a future emergency the time to ready our defenses will be short. What's more, the Reserve costs the taxpayer but a fraction of the amount needed to maintain a Regular—no small consideration in view of the federal budget.

The business-sponsored Reserve unit fits ideally into this concept of national defense. It assures the armed forces of a ready source of men trained in the arts of service and supply, who have learned to function as a team and who can be mobilized and ready for action on short notice.

Take a bakery, for example. A mobilized Army uses plenty of bread, rolls and pies. The civilian employees of this industry have the



Men trained to work together by a tractor company served as a unit in World War II



LOS ANGELES
DAILY NEWS



A glimpse of some of the tractor company men in camp

basic skills needed to turn out the finished product. Workmen understand the mixing of dough, the firing of ovens, wrapping and sanitation. Executives understand supply problems, efficient management and paper work. What more does the Army need?

An Army mess, particularly in the forward areas, operates under different conditions and uses other equipment than the bakery on Main Street, U.S.A. That's where the value of the training comes in.

In his military work, at home or in summer camp, the employee learns to ply his trade on a field

range and under field conditions. Management personnel become familiar with Army procurement and administrative procedures. The result is that the Army has a unit ready to go when needed.

The value of the business-trained military unit is proved by more than theory. A few such organizations were set up in the period between World Wars I and II. Their record in World War II led the Army to plan a nation-wide program to include the whole range of service occupations needed to support combat troops.

Railway unit won citation

A RAILWAY unit serving with the late General Patton's army in the Mediterranean was able to get transportation services functioning almost immediately after landing on the beaches of Sicily. Its outstanding work won it a citation. And many a soldier owes his life to the efficiency with which men, trained together in peacetime in private medical establishments, were able to set up field hospitals.

Here's how one World War II unit was established: The mechanization of warfare greatly increased the need for men experienced in maintaining tanks and other tracked and motorized equipment. Industry had such men and that's where the Army went.

Negotiations were started with several companies to sponsor heavy shop maintenance units. One of these was organized by a Middle West tractor manufacturer. Company representatives and the Army held a series of conferences and an agreement covering organization and training was reached. One of the company's production executives, a man with 15 years' experience in the field, was selected for unit commander. He was commissioned as a Reserve officer. The proposal was outlined to employees and the company house organ publicized the project. Getting recruits was easy.

Since this unit was a large one, it was planned as a self-sustaining organization. It was to have its own mess, supply and administrative setup. What happier choice for mess officer than the manager of the company cafeteria, an experienced chef as well as seasoned executive? The office staff provided headquarters personnel, men familiar with paper work who learned quickly such Army jobs as preparation of payrolls, processing of family allotment and government insurance forms, and maintenance of record books.

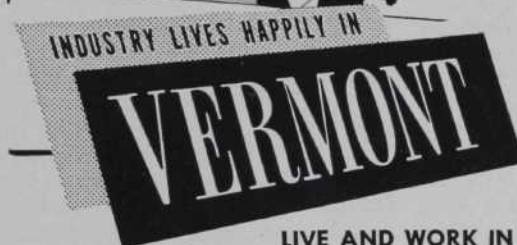
What some of the men said about



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their participation in the unit made sense. A welder commented that his 12 years' experience at his trade would make him more valuable to the war effort with an acetylene torch than with a rifle—a conclusion with which the Army agreed. And the best evidence of the company's attitude is that it was among the first to sign up for a sponsorship of a new unit under the postwar program.

The latter program was initiated last summer and still is in its first stage. So far some 250 companies have signed up, with more than 2,500 slated to participate eventually. Companies engaged primarily in buying and selling will sponsor units whose military mission will be with the services of supply. Bakeries, laundries, chemical companies, photo studios, telephone systems, truck lines—all will train organizations for assignments in their respective fields.

Office workers needed, too

FINANCIAL houses will find a place in the program since the Army needs trained paymasters as well as paratroopers. A large office equipment manufacturer is sponsoring machine tabulation units in its various branches. A foreign language school on the West Coast is sponsoring an intelligence unit. An association of pigeon fanciers will train a signal unit, since neither the radio nor telephone have eliminated the homing pigeon as a means of communication on the battle front.

Because of the importance of gas and oil to military operations, one of the first industries asked to cooperate was the petroleum industry. After investigating the plan through one of its trade associations, this industry responded favorably.

The comments of the oil men are significant because they are applicable to any business that sponsors a unit. They saw the program as giving them a positive factor in their personnel planning. With the cooperation of the services, they had an immediate inventory of the military status of employees who were members of the Army, Navy, Air Force or Marine Reserves—and who would likely be called in the event of an emergency. They also learned what plans would need to be made for replacements so that the vital flow of production and distribution might be maintained.

There are other factors of interest to both employers and employees. Every reservist in an affiliated unit has reasonable assurance

that if he is called, he will do a job for which he is qualified by civilian experience. To the employer this means that no extended reorientation will be needed to prepare his workers for their jobs when they are again demobilized. To the employee it means he will keep his hand in at his trade and may even acquire new skills while in the service. While another Mobilization Day is unpleasant to contemplate, it's a basic consideration in any national defense program.

A few business houses already are finding they do not have to wait for an M-Day to see some of the program's advantages. An Ohio bakery sponsoring a Reserve unit received much favorable publicity for its contribution to national defense. Company officials say that the favorable press reaction created "a million dollars' worth of good will." A Detroit automotive repair concern found that men taking part in the military program developed an "esprit de corps" that carried over to their daily jobs.

It's because of factors like these that the business-sponsored unit has advantages to the Army and to the national defense generally. Men already accustomed to working together on their daily jobs learn to function as a unit more quickly than do strangers. Any ex-GI who was uprooted from his family and community during the war and set down in strange surroundings will appreciate serving in a unit manned by his fellow employees.

Agreements may be canceled

THE business man who sponsors a Reserve unit undertakes no irrevocable commitment. There is a written agreement with the Army, but this is merely to formalize the understanding and is not designed as a binding contract. Either party can terminate it when it wishes. The Army and the business firm agree on the selection of a commanding officer. Usually he's a company official who is a member of the Reserve. With more than 500,000 Army Reserve officers back in civilian life, most business houses are likely to have a qualified commander on their payrolls. In exceptional cases, a qualified executive can be commissioned in the Reserve.

The sponsor need have no fear that his property, whether it be laundry equipment, bake ovens, or delivery trucks, will be worn out on military maneuvers. All necessary training equipment is supplied by the Army. Where practic-

able, the sponsor provides storage facilities for the equipment and space for training sessions. Where not, this also is provided by the Army. Already in the Presidio of San Francisco, the Army has set aside facilities for the training of business-sponsored units in the San Francisco Bay area. Similar steps will be taken on other military reservations throughout the country.

Much of the training, in progress or projected, will be a wide departure from that which recruits underwent during the last war. Since the organizations involved are service units, they will be more concerned with the manual of administration than with the manual of arms.

Little disturbance to business

NORMALLY, the functioning of a reserve unit causes no interference with regular work schedules. Training sessions usually are held after business hours. Companies that work on a round-the-clock basis may prove an exception when the military unit includes personnel from the night as well as the day shifts. Should the unit plan a two-week tour of active duty training in the field, this period is scheduled for a slack season.

From the standpoint of the military, the affiliated unit should have the maximum amount of training. Under present schedules this includes an armory meeting once a week and a two-week field training exercise once a year. The Army has come to recognize, however, that conditions differ in various businesses and even within the same business in different parts of the country. Hence there are a number of alternative training plans available, geared to the situation facing individual business establishments.

Where conditions necessitate, the training requirements for a unit can be reduced as low as one meeting each quarter and no summer field training.

In addition to the work with their unit, opportunity may be given to selected personnel to attend Regular service schools, take periods of active duty with the Army for additional training, and study at home through service extension courses.

Units likewise will vary in their composition. Some, when completely organized, will have a full complement of officers and enlisted men. These will be designated Class A. Others will be fully officered and have cadres of key enlisted personnel so that they

may be expanded readily to full strength with replacement personnel. Such units will be designated Class B. A few will be skeleton organizations of officers only. These will be known as Class C.

There will be representation in the program from all sizes of business. Transcontinental railroads and telephone systems may provide battalion type units of 900 and more officers and men. A local refrigeration contractor may provide a maintenance unit of one officer and four enlisted men.

In some cases a number of business houses may join together under the leadership of one concern to sponsor a unit larger than would be possible for any one of them acting alone. Army officials expect that in some cases local chambers of commerce may take the lead in sponsoring this type of unit.

To get organized initially, a unit needs a qualified commanding officer and 60 per cent of its officer strength. That makes it a Class C unit. By recruitment of additional officers, cadres of enlisted men, or its full complement of officers and men, it can qualify as a unit in one of the higher classes.

Manned by Reservists

AT THE outset it is expected that the business affiliated units will be manned primarily from the existing pool of Reservists, which includes the bulk of the 10,000,000 World War II veterans now employed in private industry. As time passes new and younger men will be drawn into the program.

Employers sponsoring reserve units run no risk of having their manpower snatched into service at the whim of the Army. Members of the Reserve are not called to active duty without their consent except in an emergency.

As now constituted, the program calls for a high degree of patriotism on the part of participants. Army Reserve members are not paid for their inactive duty training, nor for their home study or military pursuits other than active service. Under legislation now pending in Congress, the Organized Reserve may be put on an inactive duty pay basis comparable to the National Guard, but that's still in the future.

The world looks to the United Nations to develop machinery that will insure a lasting peace. But until that hope of mankind becomes a reality, the future soldier has the assurance that a business-Army team is in training, to avoid a tragic "too little and too late" and to assure "enough and on time."

**Beat The Business
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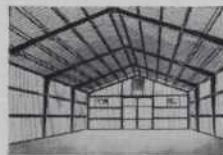
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CITY ZONE STATE

A Question 2,000 Years Old

(Continued from page 35)

wise path and imparting a beautifully harmonious motion to all the rest. Beyond the *primum mobile* and beyond the perimeter of the created universe was the infinitude of heaven.

Everything in order

IT WAS, then, a universe of complex natural hierarchies in which everything had its place and functioned according to its proper degree. The place of man was at its precise center, below the angels with whom he shared the gift of intellect, above the brutes with which he shared the faculty of sense. A similar conception of degree pervaded social and political relationships, the child to his father, the peasant to his lord, the lord to his overlord, the vassal to his king. How, demands Shakespeare's Ulysses, can there be harmony or peace in the universe or in the state save by the existence of order and degree?

Take but degree away, untune that string,
And, hark! what discord follows;
each thing meets
In mere oppugnancy; the
bounded waters
Should lift their bosom higher
than the shores
And make a sop of all this solid
globe;
Strength should be lord of im-
becility
And the rude son should strike
his father dead.
Force should be right, or rather
right and wrong—
Between whose endless jar jus-
tice resides—
Should lose their names, and so
should justice, too.

Now this passage describes by a kind of allegory precisely what was happening in Shakespeare's own world where the Copernican doctrine placed the sun at the center, relegating to the earth the role of a minor planet; it postulated an infinitude of space and the possibility of numberless solar systems. Thus it drained of validity the complex order of social relationships and duties, justified by analogy to the older cosmology, which Shakespeare calls "degree." It was inevitable that the justice of these relationships should be subjected to re-examination in the light of the new vision.

Every important new general idea, as Professor Whitehead has observed, "is a danger to the existing order. The whole bundle of its conceivable special embodiments in various usages of society constitutes a program of reform. At any moment the smoldering unhappiness of mankind may seize upon some such program and initiate a period of rapid change guided by the light of its doctrines." So it was with the Copernican theory.

It would not, of course, be true to say that more than a handful of persons in western Europe understood the Copernican astronomy. The generality of sixteenth century Europeans were even less capable of understanding its implications than most of us today are capable of recognizing the implications of the Einsteinian cosmology.

Reaction to new doctrine

BUT a few minds were quick to perceive some of the revolutionary meaning of the new doctrine, and they reacted variously. There was, for example, Giordano Bruno who rejoiced that "by this science we are removed from the chains of this most narrow dungeon," meaning the Aristotelian tradition. And there were the Roman Inquisitors,

whose condemnation of Galileo Galilei for his empirical verification of the Copernican theory was not, as is often said, a work of blind bigotry but rather one of informed and jealous conservatism.

As the influence of the new doctrine spread into wider areas of life, even the unlearned could experience the emotional disquiet which had been engendered by the disappearance of the old certitude and order. They could observe that the authority of tradition was giving way to the authority of force. They could sense the slow evaporation of the mood of confidence and optimism which had pervaded the early Renaissance. The sixteenth century became, like our own century, an age of nihilism in thought and of brutal realism in politics, and these aspects of its revolutionary character are well exemplified in the writings of Montaigne and Machiavelli.

The moral vacuum thus created gave rise to fantastic fears and delusions, such as the great witchcraft hysteria, which affected ignorant and learned alike, and the fanaticisms which delivered so much of Europe to the terrors of religious civil war.

Today we find ourselves, like the Europeans of the sixteenth century, in a time of historical interregnum.

We are morally stranded, as it were, between a world that has died and a world that is not yet born. It is now possible to perceive that what is still designated in our



schools as "modern history" came to a complete end with the first world war. But long before that, the vision which had sustained modernity had begun to fade; the faiths one generation had accepted as axiomatic seemed no longer valid to another. Among such faiths were the efficacy of human reason, the benevolence of natural science, the certainty of progress and the ultimate perfectability of human nature.

The first great shock to these beliefs came with the Darwinian doctrine of natural selection. It was a somewhat delayed shock, for at first the revelation that man had slowly evolved from the lowest forms of life seemed a confirmation of the notions of progress and perfectability. It appeared even to sanctify the ruthless elimination of business or political competitors, which had become an increasing practice of the age, since it was a means of assuring "the survival of the fittest." Only gradually did it become evident that civilization and morality meant a resistance to the law of selection rather than a collaboration with it. Karl Marx, with a surer understanding than his contemporaries of industrial society in a Darwinian universe, perceived that morality had become obsolete and that the biological advantage lay with the proletariat, or propertyless class, by reason of its rapid multiplication.

Science brought changes

AT THE same time the physical universe which our great-grandfathers had found so comfortable was being slowly demolished by the successive revelations of Clerk-Maxwell, Hertz, Michaelson and Morley, Lodge, Planck and Einstein. Its most sacred dogmas, such as the division of matter and energy, were being contradicted by the long chain of discoveries that led from the laboratory of Mme. Curie to the ruins of Hiroshima.

Even before 1914, it is possible to observe in the rise of such pessimistic doctrines as psychoanalysis, the flight from reason, science and humanism that after the war became headlong.

It was accompanied by a glorification of instinct and of violence which characterizes the art and literature of the 1920's and 1930's and ultimately took political form in Naziism.

Meanwhile, as we have seen, scientific materialism, shedding its ethical pretences, led by another

route to the almost identical nihilism of the communist dialectic.

We may suppose then that our crisis will continue until some harmonious view of God, the universe and man is restored to our minds and with it the sense of purpose to our lives. How long this will require, what further terrors must be first endured, is something that no one can safely predict. Nor can anyone say what shape the new world vision now in making will assume, but it is possible that the contrast we have already noted between our own moral values and those of our great-grandparents may afford some key. Meanwhile, the hunger for such a vision may be observed in the reawakened interest in religious ideas among all classes and in the sudden popularity of philosophy courses among university students, and it is worth remembering that Plato, Aristotle and Zeno were themselves inhabitants of a time of crisis and calamity much like our own.

Philosophy of destruction

THE strange attraction that Marxist communism has held until recently for so many well fed and prosperous Americans, who could have had no material grievances against their society, is explicable only in these terms. They supposed it to represent the new world vision, the "wave of the future," that would provide the certitudes without which their lives had grown intolerable. It was a vain and naive delusion, because, philosophically, the doctrines of Marxism had been fashioned according to the vision of a world already dead. Its historical role, then, cannot be otherwise than destructive, and that is why it will disappear as a factor in history whenever the new creative vision is found.

Because we have come to the end of a great historical epoch does not mean that we have come to the end of the world or even to the end of a civilization. There is a sense in which civilizations are indestructible, and even where they seem to have been utterly engulfed by catastrophe and barbaric darkness, like the Aegean world of the second millennium B.C. or the Roman world of the fifth century A.D., they may re-emerge later under new forms and with greater vigor. And if, as is sometimes said, all civilizations contain in themselves the seeds of their own destruction, they also contain the seeds from which new and possibly greater civilizations may spring.



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Reading for Pleasure or Profit...

"Speaking Frankly"

By James F. Byrnes

A FORMER Secretary of State, who was remarkable for keeping the people well informed, informs them further in "Speaking Frankly" (Harper, 49 East 33rd Street, New York; \$3.50), an intimate view of U. S. foreign policy from Potsdam to 1947.

Mr. Byrnes' book tells about Russia and her practices. Stalin, when he can be reached, is friendly and liberal, Byrnes asserts, while Molotov and others with whom Americans actually must do business, try to avoid carrying out Stalin's promises. Instead, their technique is to refuse Soviet agreement on everything, even the least controversial issue, until Soviet demands have been met.

In this way Molotov nearly wrecked the peace treaties with the Axis satellites. But Byrnes saved the day by saying that he would make no further concessions and that, if the Soviets insisted, there would be no peace treaties. Molotov gave in.

Such firmness, Byrnes advises, may be essential to writing the German peace. If Russia presents impossible demands and delays all decisions until the demands are met, we should go ahead and make the treaty without her; then she will fall in line.

"Speaking Frankly" includes some striking revelations. One is that it was Byrnes who forced the ouster of Wallace from Truman's cabinet by threatening to resign himself. Another, the insulting note which Stalin sent Roosevelt in April, 1945, accusing America of a plot to join the German armies and fight Russia.

"Laughing with Congress"

By Sen. Alexander Wiley

"IS THE field of humor crowded?" a young writer asked Will Rogers. "Only when Congress is in session," Rogers replied. To point out

his meaning, Senator Wiley has spent years collecting congressional absurdities of every vintage.

"Laughing with Congress" (Crown, 419 4th Avenue, New York; \$3) shows us the legislature at its wildest, from the old roughhousing days, when a senator snatched off his colleague's wig, to the windy present, when lawmakers rise to the absurd on balloons of rhetoric. Senator Wiley gives us, too, a robust bagful of things said at Congress' expense, of which two of the more telling are Winchell's comment that Con-

gress often meets in Washington, B.C., and someone's remark that congressmen talk as if injected with phonograph needles.

"Picture Maker of the Old West"

STARTING West as a bullwhacker in 1866, William H.

Jackson took along his genius for photography. Soon he was following pioneer trails with a portable darkroom, lugging primitive photographic equipment, to make a unique pictorial record of the Old West—its canyons, covered wagons and Indians.

With 393 of Jackson's photographs and sketches, "Picture Maker of the Old West" (Scribners, 597 5th Avenue, New York; \$7.50) restores a rough reality to a part of our American past which legend and musical comedy have made to seem fantastic and remote. You sense the true barbarity and grandeur of the Indians before they were defeated in Jackson's photos of Gihaga, the Omaha chieftain with his beaked head-dress, and of fierce White Horse, tomahawk in hand.

Here, too, is a photographic record of the building of the transcontinental railroads. The pictures which made Jackson most famous in his own time are of Western landscapes—waterfalls and mountains, buttes and badlands. His photos persuaded Congress to create Yellowstone National Park.



Today, though techniques have advanced, these photographs remain unsurpassed.

"The Proper Bostonians"

By Cleveland Amory

SAID a Boston lady, asked why she never traveled, "Why should I travel when I'm already here?" Her view reflects that of the Proper Bostonians, a proud, tiny aristocracy, unique in America, which this book describes with irony and love.

Most Proper Bostonians, we learn, are not descended from the Mayflower but from 19th century merchants, "vikings" if not "pirates." Walking a tight-rope between Unitarian faith and business practice, the merchants were tight-lipped and tight-fisted, founded a small upright society, which has remained a watchdog of the Intellect, the Boston Symphony and the family fortune.

"The Proper Bostonians" (Dutton, 300 4th Avenue, New York; \$4.50) describes its world of Cabots and Lowells in pungent anecdotes, the most flavorful about Mrs. Jack Gardner, flamboyant society empress who kept a pet lion. Unlike her, most ladies of Proper Boston take pride in plainness and are as conservative as old Mrs. Bell, who cried that the automobile would divide men into two classes, the quick and the dead.

"Night Stick"

By Lewis J. Valentine

THE former Police Commissioner of New York tells how he slashed the web of politics and crime that used to shroud the Empire City.

When Valentine became a rookie cop in 1903, most policemen had a "rabbi," a political patron who provided small favors in return for protection from the law. The Police Department used to wax fat on illegal tribute from brothels, saloons and terrified shopkeepers. For years, Tammany and its gambler friends kept justice sewn up in a sack of gold, even down to the days of Jimmy Walker and Grover Whalen.

But Valentine was a "rat," that is, an honest cop. Under reform administrations he would expose corruption, only to be demoted when Tammany regained power; until at last LaGuardia made him police commissioner.

"Night Stick" (Dial, 461 4th Avenue, New York; \$3.50), in its blunt language, records an impressive crusade against crime.

—BART BARBER



Minnesota Valley Canning Company, Le Sueur, Minnesota. Architect: The Austin Co., Chicago.



Coca-Cola Bottling Plant, Albuquerque, New Mexico.

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Thermopane in Visual Front of Kohl's Fine Foods, Milwaukee, Wisconsin. Architect: Walter F. Liebert, Milwaukee.



Detroit Steel Corporation. Architect: O'Dell, Hewlett & Luckenbach.



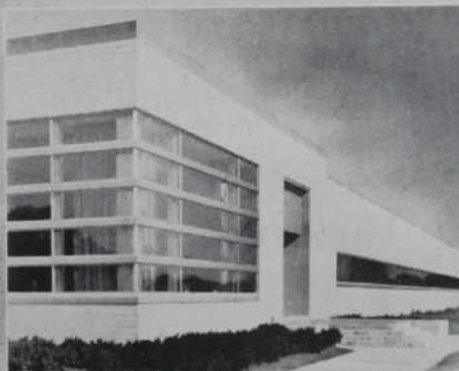
Library of Cranbrook School, Bloomfield Hills, Michigan. Architect: Eliel Saarinen, Detroit.



Offices of Architects A. Epstein & Sons, Inc., Chicago, have continuous fenestration.



Business Institute, Milwaukee, Wisconsin. Architect: Ebling & Plunket, Milwaukee.



Johnson & Johnson, Cranford, New Jersey. Architect: Ballinger Company, Philadelphia.

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Odd Lots

By Reynolds Girdler

Good Right Arm

THE good right arm of the New York Stock Exchange is the Association of Stock Exchange Firms. It is made up largely of "office partners"—firm members who work with the public rather than down on the floor of the Exchange. Also, since the Association gives greater representation to member firms throughout the U. S., it acts as an interpreter. It translates what the people out through the U. S. are saying about the Stock Exchange into language the floor members can understand.

This month the Association starts a new year under a new president. This time the president is Homer Vilas of C. J. Lawrence & Sons. Like so many other Wall Streeters, Vilas is a farm boy, from the St. Lawrence country of up-state New York. Stocky, dark-complexioned, with deep dark brown eyes, Vilas has the pleasant but incisive mannerisms you so often find north of Albany.

Vilas has two big jobs facing him this year: 1. Employee relations, and 2. Public relations. He would like to see all 55,000 of the member firm employees thoroughly contented and happy, and sees no reason why this utopian state cannot be achieved.

To doubting associates, Vilas makes the point that stock exchange firms enjoy one advantage over manufacturing companies: they are smaller units. Partners and back office employees know each other personally. Moreover, employees know to the penny how the firm is doing month by month. Vilas believes that, through group

insurance and profit-sharing plans, much can be done to give every employe as much security as any business can afford—and perhaps higher earnings.

He has one other ambition. Vilas would like to see all segments of the securities business—unlisted dealers, bond houses, municipal firms, investment bankers and stock exchange firms—united in one strong, representative organization. He is acutely aware that Wall Street has often been divided and—just as often—conquered.

★ ★ ★ ★ ★

Just One Day

ONE day made all the difference in the world.

For months before Oct. 14, Wall Street lay desolate. The market was soggy. There was little volume. As the gloom thickened, there was talk of lay-offs and of mergers to cut down overhead. Market letter writers sacrificed hundreds of thousands of words as a kind of votive offering to the goddess Fortuna—prayerful little pieces that sought to prove that stocks were the cheapest things a man could buy today.

Then the brokers came back from the Columbus Day holiday. There was no good reason to expect a change for the better. But suddenly brokers harked to a welcome sound. It was the steady patter-patter of little numbers showing plus signs. Brokers sat up in their chairs. This was no ordinary, technical rally. This market rise had muscle-tone. Customers men sprang to the phones, their voices were ringing with a new ur-

gency. It was contagious. The volume swelled and so did prices.

In the underwriting departments, new issues were dusted off, and hustled down to registration at the SEC. Other deals, long dormant, were pulled out and re-examined. Brokers phoned their advertising agencies and prepared to go after new business.

No matter what came after, in the sudden optimism of that one day's buoyant market, a man could easily believe that everything would be at 500 by Christmas.

★ ★ ★ ★ ★

Whose Locomotive?

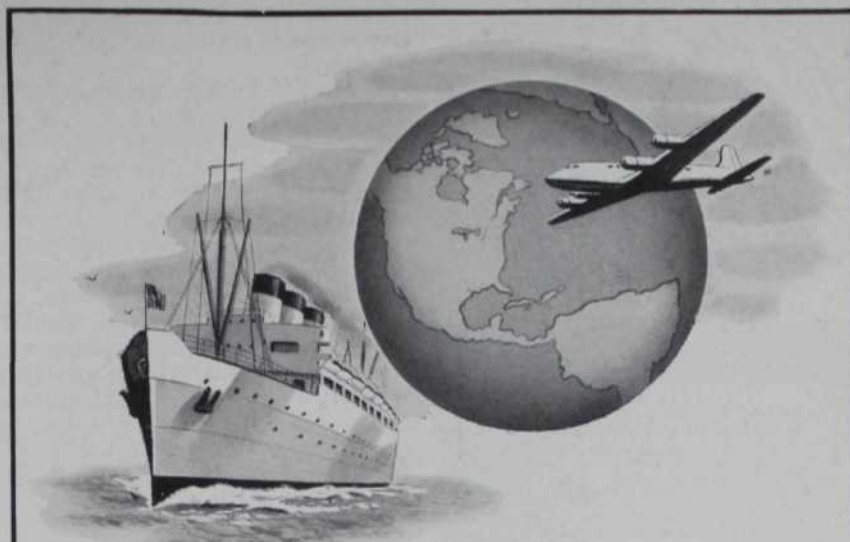
NEXT time you are near a new piece of railroad equipment, look at it a little longer. Chances are you will see a little identification plate fixed on it in some obscure spot. And that plate will bear the name of a bank. Then you can be sure that some Wall Street investment firm raised the money to buy that equipment through the issuance of equipment trust certificates.

Years ago a Philadelphia legal light devised the instrument known as the Philadelphia Plan for the issuance of equipment trust certificates. In so doing he saved the U. S. railroads millions of dollars and made it possible for U. S. roads to give the traveling public the world's finest equipment. What happens is this: A road orders six new coaches. It raises the money to pay for the new coaches through the sale of certificates. The trustee bank—not the railroad—actually owns the equipment in behalf of those who buy the certificates. Then the equipment is put to work earning some money, and the certificates are paid off from these earnings. Not until the certificates are retired does the railroad actually own the equipment.

There's many a streamliner rocketing through the country today with the name of some railroad boldly painted along its sides. But off in a corner, in fine print, is an identification plate that establishes the real owner. Probably the most frequent name to be found is that bank which once had the wonderful name "Pennsylvania Company for the Insurances on Lives and Granting Annuities." P.S.—The name has since been shortened slightly.

Ivy and Gum

AROUND the venerable name of Blair & Co., Inc., investment bankers, the ivy of tradition seems to



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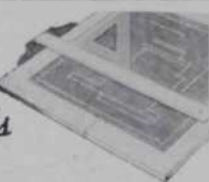
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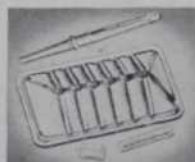
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grow thick. But the present-day partners are not too weighed down by the past.

Recently the firm headed a syndicate offering the stock of Gum Products, Inc. At one syndicate meeting some of the company's products were distributed so that all present could sample the wares. So a few people were treated to the sight of dignified investment bankers solemnly chomping on such childish delights as Scotch Mints, Jaw Teasers, and Harvard Nut Crunch, and just as solemnly blowing bubbles of Yanks Bubble Gum.

★ ★ ★ ★ ★

Life With Childs

THE motto "In God We Trust" which is on every silver coin in your pocket was first stamped in 1865.

The first soldiers' bonus on the American continent was paid in 1690. Massachusetts issued 7,000 pounds sterling to pay soldiers who returned disgruntled from a foray against Canada that yielded no spoils of war.

These and other similar tidbits enliven a most delightful book that has been a long time coming. It is called "Concerning U. S. Government Securities" and its author is C. F. Childs, of the government bond house that has fathered practically every other government bond firm in the business.

Childs, now 72, has been in Chicago so long people there think of him as a native. But Childs came from Brattleboro, Vt., and he brought his Yankee wit along with him.

He went to Chicago in 1904 for the old bond firm of Harvey Fisk. In 1911 he opened his own firm, and ever since then Childs and government bonds have been synonymous in America's financial districts.

Childs' book, written at the suggestion of the Finance Department of the U. S. Chamber of Commerce, includes sketches on all the old bond firms. It gives a chronological summary of government financing from the Revolutionary War through the two World Wars. But it is in the section on the first World War that it really comes alive. For here Childs is writing from first-hand recollections of a lively life; from memories of active participation in the events that truly established the bond business in the United States.

It's a book that every banker should own. And judging by the letters and phone calls pouring in-

to Childs' New York and Chicago offices, every banker is going to own a copy.

★ ★ ★ ★ ★

Uneasy Money

FOR some 12 years prior to 1946, Wall Street worked in an atmosphere of easier and easier money. Naturally, this made for a good bond business. But now "money-market" bonds have been going off in price. Almost all the new issues of late summer subsequently sold below their offering prices. So now the big underwriting houses are asking themselves: has the long-term trend of low interest rates reversed itself? If the answer is "yes" American business is going to have to pay more for the money it needs for expansion.

★ ★ ★ ★ ★

The Mother's Friend

INVESTMENT dealers rubbed their eyes when they received the prospectus offering shares in the Alden Wonderall Co. Accustomed to the stiff, legalistic language of most offerings they got a shock from this one. It read: "Mabel Elstrom and Ruth Pauly, neighbors, had not been satisfied with the overalls that stores had for their children. They fashioned their own with grippers that won't pop off like buttons do and with a drop seat that fits. This new overall idea caught on with other mothers." And that's how the business began. For once, someone had written a prospectus that could be understood. Closer examination explained the mystery. A Minneapolis attorney who evidently thinks people like to read English had written the prospectus. Wall Street lawyers are still trembling from this blow at tradition.

★ ★ ★ ★ ★

Financial Prose

WALL STREET turns out an enormous amount of "literature." Since the Street deals in intangibles, it needs more than the ordinary amount of words to describe its products and services. More than 250 firms, according to the SEC, publish market letters. Some are unpretentious, mimeographed affairs. Others are printed documents, usually done in a chaste Caslon type. But the firm of Merrill Lynch, Pierce, Fenner & Beane does the most ambitious job of all.

Every two weeks it mails to some 26,000 persons—absolutely free—

its pocket-sized *Investor's Reader*. This deals with financial subjects. But it goes far beyond that. Articles include stories on corporations themed to some individual high up in the company. As a result of these personality sketches, clients of the firm get the impression of intimate, first-hand knowledge of corporate bigwigs. Editor of the *Reader* is bouncy, forceful LaRue Applegate, who has been a familiar figure in the financial district for some time. He supervises a big staff, and can draw on the statistical facilities of the firm for many hard-to-get facts.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946, of Nation's Business published monthly at Greenwich, Connecticut and Washington, D. C. for October 1, 1947.

City of Washington, County of District of Columbia, ss. Before me, a Notary Public in and for the state and county aforesaid, personally appeared Lawrence F. Hurley, who, having been duly sworn according to law, deposes and says that he is the Editor of Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the act of August 24, 1912, as amended by the acts of March 3, 1933, and July 2, 1946 (section 537, Postal Laws and Regulations), printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business manager are: Publisher, Chamber of Commerce of the U. S. of America, Washington, D. C.; Editor, Lawrence F. Hurley, Washington, D. C.; Managing Editor, Paul McCrea, Washington, D. C.; Business Manager, John F. Kelley, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows: President: Earl O. Shreve, Vice President, General Electric Company, 579 Lexington Avenue, New York 22, N. Y. Vice Presidents: Herman W. Steinkaus, President and Chairman of the Board, Bridgeport Brass Company, 30 Grand Street, Bridgeport, Conn.; Carlyle Fraser, Chairman of the Board, Genuine Parts Company, 475 West Peachtree Street, Atlanta, Ga.; Roy C. Ingersoll, President, Ingersoll Steel Division, Borg-Warner Corporation, 310 S. Michigan Avenue, Chicago 4, Ill.; Elmer H. Sexauer, President, Gebre P. Sexauer & Son, Brookings, S. D.; Powell C. Groner, President, Kansas City Public Service Company, 728 Delaware Street, Kansas City 13, Mo.; Walter J. Braunschweiger, Executive Vice President, Bank of America, 660 S. Spring Street, Los Angeles 51, Calif. Treasurer: Ellsworth C. Alvord, Alvord and Alvord, Munsey Building, Washington 4, D. C. Executive Vice President: Ralph Bradford, Chamber of Commerce, U. S. A., 1615 H Street, N. W., Washington 6, D. C. Manager: Arch N. Booth, Chamber of Commerce, U. S. A., 1615 H Street, N. W., Washington 6, D. C.

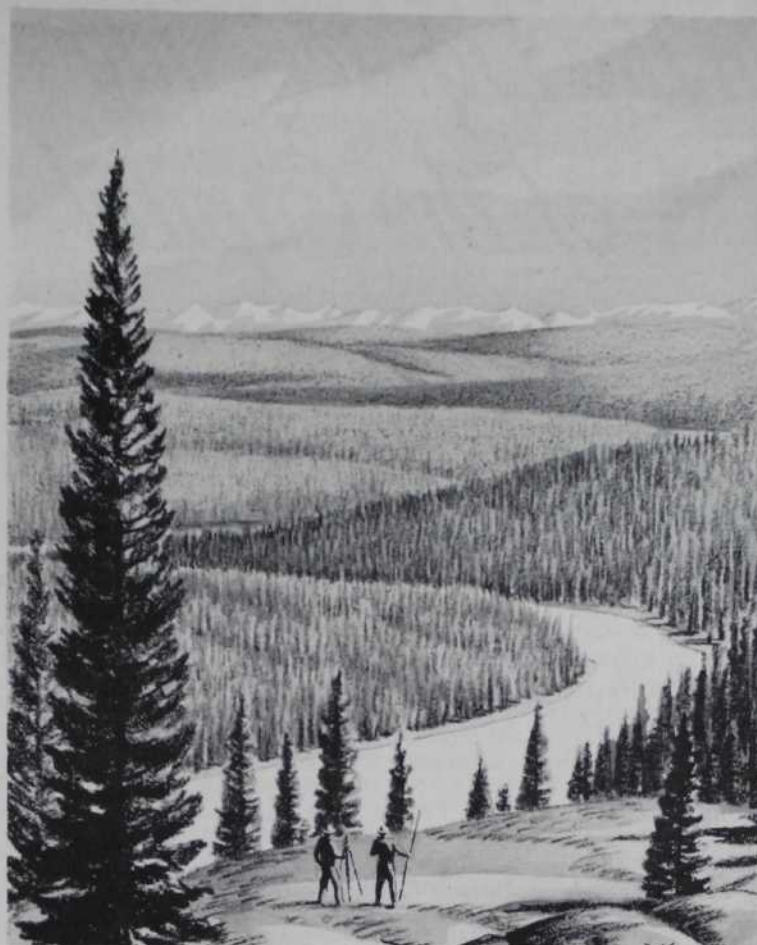
3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

LAWRENCE F. HURLEY
(Signature of editor)

Sworn to and subscribed before me this 29th day of September, 1947.
(Seal)

WALTER HARTLEY
(My commission expires July 31, 1952)



an Ocean of TREES

Remember your geography book? Alberta, Canada, was probably called a prairie province—an ocean of wheat and grass. The fact is, Alberta is an ocean—of trees! Three-quarters of the Province is wooded, from the sparse bush country beginning at Calgary, to the dense forests of the north and west. Here is limitless timber—virgin acres of trees awaiting development. Here is opportunity for you—and your plant in Alberta!

In 159,000 square miles of forest area, Alberta has a reserve of 30-billion cubic feet of saw material, pulpwood, cordwood, and other wood products. White spruce, lodge-pole pine, jack-pine, birch, larch and poplar are Alberta's main types of commercial trees. They are especially interesting to industrialists making plywood, plywood products, and new wood-based materials from chemical processes. Write for detailed information to Alberta—the free land of free enterprise.

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GOVERNMENT OF THE
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Edmonton, Alberta, Canada

AG-14

On the Lighter Side of the Capital



Soothsaying, unlimited

SHE is 23 years old—no perpendicular wrinkles have yet shown in front of her ears—she is pretty as a speckled pup, and she looks on senators with a sort of affectionate tolerance, because she works for one of them.

"I went to that five dollar fortune teller," she said.

Persons at a distance may be interested to know that there are more soothsayers to the 1,000 in Washington than anywhere outside Ancient Egypt. Congress, which is a political body, is solely responsible for the rites and customs of the capital city. The heroine of this anecdote said the fortune tellers were likely to be as nearly right as anyone else, and they were not nearly as noisy about it. You ought, she said, to listen in at a cocktail party sometime. After the third round the noise is that of a hurricane yowling through wire ropes.

"Not that I'm telling you anything you don't know."

Breakers ahead

SHE was getting kind of discursive herself, she observed.

"I went to this five dollar dame," she said, "because now and then she has something. Maybe she's just smart and maybe she gets a little of the lowdown from gabby females

like me who like to think they're being broadminded. Anyhow, she mentioned handsome men and plenty of money and I asked:

"What will this session of Congress be like?"

"Nothing human," said the fortune teller.

No holds barred

THE oldtimers—and anyone can name names like Brown, Halleck, Martin, Rankin, Cannon and

Barkley—foresee a furious session. Politics will be hotter than a pistol, of course. It's nonsense to think that politics can be kept out of a political body. There is resentment against President Truman.

"Not much, maybe. We like him. He is more like the rest of us than any President we've ever had. He puts his foot in his mouth and takes it out again and says 'excuse, please' and we all understand, because any one of us might have done the same thing the same way. But he hops around so much."

Rep. Clarence Cannon, who used to be the Democratic chairman of the House Appropriations Committee, issued a statement urging the President to call Congress pronto. Presumably he thought the President felt that way and only wanted a little push. When the President did not call, Cannon issued another statement to the effect that the urgency was not so violent after all.

Then the President called.

Matter of conviction

THE fire under the congressional boiler will mostly be stoked by passion. There are so many angles on all of which men differ.

"Europe wants us to restore her to a better than prewar status—"

That is good anywhere for the congressional equivalent of knock-down and drag-out. It is generally admitted that Europe needs help, but the quality and cost of that help is being debated hotly in the cloakrooms. No one expects Europe to repay any part of the money America will spend. This is literally true and no heat follows the admission. But the serious injury which threatens the United States if the things we desperately need are soaked up by Europe provokes the most furious arguments.

The point is that congressmen are moved as perhaps they never have been since Civil War days. During the two World Wars they were vehement and united in their expressions of patriotism, but now

they are debating a multitude of issues of immense importance to every constituent's pay and dinner and boy and girl. Make no mistake about it. No Congress has ever been more ardent and—perhaps—less united. Time alone will tell.

Burrs under saddles

THE political organ continues to sound minor notes. Everyone is in theoretical agreement that too many people work for the Government. Something more than 1,000,000 too many by some accounts. Any policy agreed on by the legislative and executive departments for the conduct of the peace—any policy whatever—will mean the addition of more thousands.

"Russia got rid of her excess," said Dr. Ernest C. Ropes, recently retired from the Department of Commerce after 30 years or so of watching Russian affairs.

A simple people, the Russians—uncomplicated and tough. When the word went out to cut the government workers by 50 per cent they were cut by just 50 per cent. Any government worker who so much as mewed about it would have been sent to Siberia.

Sample of gossip

NOT all the stories about Russia rest on a foundation as solid as Dr. Ropes' knowledge. At one of the cocktail parties a very pretty lady told a story. She was, incidentally, wearing with complete success one of the "new look" dresses. Enough had been taken off the top to lengthen the bottom:

"My friend saw this himself," she said. "So I know it is true."

A man had been run over by a street car in Moscow and an ambulance had been called. The victim, according to the raconteuse, and that may be the right word for her, was not quite dead. So the ambulance doctor stuck a pump in his leg and drew off what blood was left to be added to the blood bank in the hospital. Somebody said the lady lied—

The incident was not typical of the smarter set's affairs. It was amusing.

More light wanted

ONE thing that annoys Congress on both sides of the aisle is the persistent refusal of the State Department to "come clean" as the



rougher detectives urge on their clients in the back room. No one on The Hill knows all that is going on internationally. Secretary of State Marshall is housecleaning a little, but there is no indication that this promises more light.

"But the leaks to favored correspondents will be plugged," the watchers say. "If Marshall catches a man feeding inside stuff to plug a policy that is not one of his policies the leaky lad will be hung by his heels—" Some of them have been. Authorized leaks will presumably be continued.

A word in defense

THE other side of the picture is that, if the State Department were to kneel at the mourners' bench and tell all it knows, our troubles would be multiplied. As an example—

"I wrote to President Roosevelt," said former Governor Earle of Pennsylvania, "in the latter days of the war, that the German army would stop fighting our armies if we consented to permit them to defend single-handed their east-ern frontier against the Russians."

What a mess that would have made if it had leaked!

He said to Truman—

THE senator's secretary said the Boss had a bright idea the other day. He told the President that if

he, the senator, were in his, the President's, position, he would send a bunch of police reporters to Europe to get the lowdown.

"A police reporter is tough," he said. "He isn't a candidate for office. He is used to liars in his business. He is trained to get the facts. If he gets them wrong his paper will be sued for libel and after he has testified in court he may get fired. He knows all there is to be known about politicians and their ways. One police reporter would be worth a dozen correspondents who visit country houses and go to tea with ambassadors."

The President laughed plenty, the senator said. But he did not know what Charley Ross would think of it.

They're not jumping ship

WHEN the President was a farmer he once had to handle a string team on a gang plow. One of the six was a gray mare that some-

times lost her temper and went to kicking. Not just little one-leg kicks but temperamental explosions with both hind legs. Another was a mule, a fine, steady, hard working mule with a mouth like a stonewall. Another was a big gelding that had made a study of loafing.

"Harry made a team out of 'em," said a Missouri friend. "He played 'em like a violin."

The suggestion was that he has made a team out of his White House outfit.

And Fred Kelly reports

FRED C. KELLY—author, storyteller, melodious singer of hillbilly ditties, and not so long ago a bright star in the diadem of NATION'S BUSINESS—visited the copyright division of the Library of Congress. Mr. Kelly's chief activity now is digging up the facts on which he writes biographies. (Just now he is on Kin Hubbard's trail.) He asked for a photostat of a document:

"Ten dollars."

But certainly. Mr. Kelly walked through the door, entered another room, found he did not need a photostat and asked for his money back. He could see the identical ten dollar bill lying in the drawer.

"You'll have to see Miss Todd about that. She will be able to get your money back in about three weeks."

Impassioned interlude by Mr. Kelly. In the end he learned that Miss Todd had not been with the Library for years.

Attributed to Vandenberg

THE story goes that Senator Vandenberg (R., Mich., U.N. optimist) refuses to be worried about the U.N.'s future. He thinks all will be well in the end. The machine itself is o.k., as he sees it. It will not break up or bog down. It recalls to him the hop and jump progress of a car on the road near his home. It would move along decorously at a slow speed for a time. Then it would fairly leap into the air and tear down the pike at racing speed. Then it would stall dead as a stump. The Senator addressed himself to the driver.

"What's the matter with your car? Generator trouble?"

"Car's all right," said the driver sourly. "But I got a heck of a cough."



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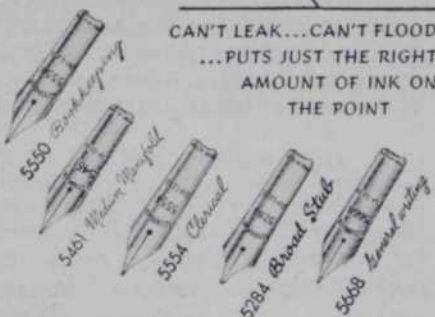
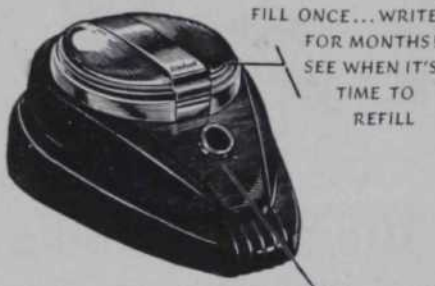
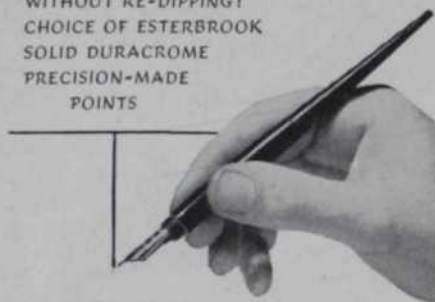
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